

# Staff and Pensions Committee

Date: Monday 14 June 2021  
Time: 2.00 pm  
Venue: Shire Hall, Warwick

## Membership

Councillor Andy Jenns (Chair)  
Councillor Bill Gifford (Vice-Chair)  
Councillor John Horner  
Councillor Christopher Kettle  
Councillor Sarah Millar  
Councillor Jill Simpson-Vince

Items on the agenda: -

## 1. General

### (1) Apologies

### (2) Disclosures of Pecuniary and Non-Pecuniary Interests

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(i) 8<sup>th</sup> March 2021

(ii) 25<sup>th</sup> May 2021

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**Monica Fogarty**  
Chief Executive  
Warwickshire County Council  
Shire Hall, Warwick

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- Declare the interest if they have not already registered it
- Not participate in any discussion or vote
- Leave the meeting room until the matter has been dealt with
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Non-pecuniary interests relevant to the agenda should be declared at the commencement of the meeting.

The public reports referred to are available on the Warwickshire Web <https://democracy.warwickshire.gov.uk/uuCoverPage.aspx?bcr=1>

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Any member of the public who is resident or working in Warwickshire, or who is in receipt of services from the Council, may speak at the meeting for up to three minutes on any matter within the remit of the Committee. This can be in the form of a statement or a question. If you wish to speak please notify Democratic Services in writing at least two working days before the meeting. You should give your name and address and the subject upon which you wish to speak. Full details of the public speaking scheme are set out in the Council's Standing Orders.

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# Staff and Pensions Committee

Monday 8 March 2021

## Minutes

### Attendance

#### Committee Members

Councillor Kam Kaur (Chair)  
Councillor Neil Dirveiks  
Councillor Bill Gifford  
Councillor John Horner  
Councillor Andy Jenns  
Councillor Bhagwant Singh Pandher

#### Officers

Neil Buxton, Technical Specialist - Pension Fund Policy and Governance  
Sarah Duxbury, Assistant Director - Governance & Policy  
Andrew Felton, Assistant Director - Finance  
Liz Firmstone, Service Manager (Transformation)  
Victoria Moffett, Lead Commissioner Pensions and Investment  
Isabelle Moorhouse, Trainee Democratic Services Officer  
Chris Norton, Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk)  
Kate Sullivan, Lead Commissioner - Culture, Leadership and Performance  
Rebecca Sacher, OD Practitioner

### 1. General

#### (1) Apologies

None.

#### (2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

In response to a question from Councillors Neil Dirveiks and Andy Jenns about speaking and voting on item 7, Sarah Duxbury (Assistant Director – Governance & Policy) advised that being a member of North Warwickshire Borough Council did not prevent them from participating on the item.

Sarah Duxbury informed the committee that she was on the Board of Directors for Lawyers in Local Government (referred to in the report at agenda item 6).

#### (3) Minutes of previous meeting

The minutes of the 14<sup>th</sup> December 2020 were approved as a true and correct record.

## **2. Internal Disputes Resolution Procedures for Pensions Disputes**

Neil Buxton (Technical Specialist Pensions Fund Policy and Governance) stated that all pension schemes require a grievance process around pension entitlement for members. In the Local Government Pension Scheme, the employer will deal with issues like the amount that the member will pay in or the benefits that the member is entitled to. If there was an ill health retirement, the employer will decide with medical advice, whether it was tier one, two or three case. The fund administrator would calculate the benefit entitlement amount payable to the member. Most pension disputes were informally resolved by the pension team. If a scheme member appeals against a decision made by their employer, the employer will appoint an independent nominated person (who has not been involved with the case before) to review the circumstances of the case. If the appeal is successful, the member's entitlement will be reviewed, if not, the member can escalate their grievance to Stage 2 of the process and their case will be reviewed by the Chief Executive of the County Council who can seek advice from independent advisers. Following this stage, if the member remains dissatisfied, they may contact the Pension Ombudsman to review their grievance and ultimately on to the High Court. Neil Buxton confirmed that Warwickshire's Pension Fund information sheets and claim forms for the dispute procedures had also been reviewed and updated.

In response to the Chair, Neil Buxton stated that few disputes were considered under the procedure but the ones that were received were mainly related to ill health entitlement.

In response to Councillor Dirveiks, Neil Buxton stated that the forms were available online, but paper copies of any disputes would need to be sent to the pensions team.

### **Resolved:**

That the Staff and Pensions Committee note and comment on the Internal Dispute Resolution Procedures.

## **3. IDRP - Employer Decisions**

Sarah Duxbury stated that agenda items two and three were linked and this report related to decisions that were required to be taken at stage one of the internal disputes resolution procedure but from the employer's side. The report was asking the committee to confirm the decision-making routes at officer level when these pensions disputes arise from the employer side.

### **Resolved:**

That the Committee approves initial stage employer decisions under the Pensions Internal Dispute Resolution Procedure (IDPR) being made by Tier 3 Managers (or their nominee) and Stage 1 employer decisions being made by Assistant Directors (or their nominee) as set out in Section 4.5.

## **4. Employee Engagement**

Kate Sullivan (Lead Commissioner - Culture, Leadership and Performance) and Rebecca Sarchet (OD Practitioner) recounted the work done to promote employee engagement. Employee engagement check-in surveys had been undertaken more frequently during the pandemic and had provided a helpful source of information as to how employees were feeling during the lockdown. Each 'check-in' survey had a different focus so specific feedback could be sought. Every survey asked about employee wellbeing and asked employees if they wanted to be contacted by 'listening mates' who could offer support.

The April 2020 survey focused on home-working support; the results from this survey enabled a targeted communication campaign to help with support and training for remote working. The July 2020 survey sought employees' views around recovery from Covid, which has fed into specific projects. Employees stated that they missed face-to-face contact and struggled with some of their other responsibilities; this feedback initiated the online resilience training course, more individual tailored wellness plans and Microsoft learning. The August-September 2020 survey results highlighted that employees missed the social aspect of office working. This feedback has helped to inform the council's workplace design project and a loneliness spot-check was introduced. December's survey in 2020 had the most responses and saw an increase in the number of employees who indicated that they were happy working for the council.

Responses to the check ins on average were between 34% and 46%, which was consistent with the council's 'your say' service in the past. It was confirmed that the surveys have indicated a decline in the mood of the workforce over the period from 88% indicating they felt fine or better in the first check in to 82% from the latest check in. However, employee engagement had increased from 70% to 76% in 2020. It was confirmed that all 'check-in' results are shared with employees and that the Council is working towards securing the Thrive bronze accreditation and is currently undertaking a staff Health Needs Assessment as part of the process.

The Committee noted that it was unsurprising that employees were feeling worse the longer lockdown continued.

Councillor Bill Gifford praised the report and commended the high percentage of employees who were positive about working for Warwickshire County Council.

Following a query from Councillor Jenns, Rebecca Sarchet stated that positive feedback had been received from the surveys about the council's IT system as it made homeworking easier. She said that homeworking had forced employees to become more ICT competent with their systems.

Sarah Duxbury added that the IT Department had recently undertaken a survey about additional support staff may need with Microsoft 365; this feedback had generated the development of bespoke training programmes and the establishment of virtual social collaboration networks for support.

Councillor Dirveiks expressed ongoing concerns with home-workers' mental health and missing out on the social aspect of office working. He added that the surveys should continue post-lockdown and employee mood needed to be monitored.

Councillor John Horner stated that new starters and apprentices were likely to be struggling most in lockdown as they were missing out on mentoring for their new role.

The Chair concurred with the comments regarding isolation with home-working and praised the check-in surveys for being an effective way to regularly check staff wellbeing and seek their views on ways of working and the Council's future plans. She agreed that they survey needed to continue post-lockdown.

#### **Resolved:**

That the Committee notes this update on employee engagement during 2020-2021 and celebrates the progress that has taken place through the pandemic, particularly around our approach to staff wellbeing and engagement.

#### **5. Communications Policy**

Chris Norton (Strategy and Commissioning Manager (Treasury, Pension, Audit & Risk) stated that the policy had been updated and was presented to the Committee for comments. The fund team had gathered a list of all the policies relating to the fund's activities and designed a schedule to

make sure that they were all reviewed on a timely basis. Whilst other funds update all their policies on an annual basis, Warwickshire's Pension's approach has been to schedule the reviews over a period to make it more manageable. There were proposals in development to initiate member self-service with the I-Connect system which will automate data trafficking between employers and the fund.

Liz Firmstone (Service Manager (Transformation)) informed the Committee that by the end of March 2021, phase three of the I-Connect project would be completed so 58% (108 of 186) of employers and 12,800 people will be on I-Connect; this will include all of the payrolls that the County Council runs both for its staff and on behalf of other organisations. The fourth phase was due to start at the end of June 2021. The Office of the Police & Crime Commissioner and the district and borough councils were yet to be put on the system.

Councillor Dirveiks suggested moving the general enquiry details to page two from page 5 so it would appear before the policy itself and that all acronyms should be explained. The Chair concurred with these points and Chris Norton agreed to make these changes.

**Resolved:**

The Staff and Pensions Committee are asked to review and approve the updated Communications Policy.

**6. Pensions Administration Activity and Performance update**

Liz Firmstone reported that the I-Connect project to automate the submission of member data and contributions by employers was on track, with 58% of employers due to have gone live by the end of Phase 3, representing 12,800 (85%) of active scheme members.

The Committee was informed that KPIs (key performance indicators) ensured a high quality of service, made sure that resources were directed where needed and helped to mitigate any issues. Latest KPI information was being used to target training in areas where processes and staffing have changed. I-Connect will bring in workload in consistent ways so workload peaks and troughs will be avoided. The breaches noted in the report were primarily due to employers submitting either member data or contributions late and the amber breaches were primarily where an employer did this very late once or several times; the format of how this is presented may change to allow for comparisons pre and post-I-Connect.

Following a query from the Chair on breaches, Liz Firmstone stated that the breaches policy had triggers on how late a submission has to be for it to go from green to amber and how many times an employer has to be late in a timeframe for it to be escalated. All late submissions were followed up and there was engagement with relevant employers to resolve any issues.

Following a question from Councillor Gifford, Liz Firmstone stated that Warwickshire County Council breached when it changed HR systems with a legacy issue of transferring data from the new HR system to the pensions system had been followed up and had since been resolved. She confirmed that the I-Connect system would take the relevant information from the payroll, which would help to avoid future delays in submission by employers.

Liz Firmstone reminded the Committee that the purpose of the McCloud project is to remedy issues relating to age discrimination arising from the McCloud-Sergeant cases when pensions reforms were introduced. Aon have been brought in to manage the project and act as technical specialists. The project will last 2½ years and will seek to help any pension fund members affected. She concluded that the government had disapplied the regulations on exit payments after stating that there would be unintended consequences because of applying



regulations. Their initial plans would have had a significant impact on many people leaving local government employment, and not just those cited in the original consultation who were high earners. The government is expected to come back with an alternative exit cap proposal later in 2021.

**Resolved:**

Staff and Pensions Committee note this report.

**7. Employers joining and leaving the Warwickshire Pension Fund**

Chris Norton noted that most employers joining the fund were schools and academies and this report also included three other employers who were entitled to join as long as the scheme criteria were met.

**Resolved:**

1. That the Staff and Pensions Committee delegates authority to the Strategic Director for Resources to approve applications from the listed employers subject to the applications meeting the criteria:
2. New Academies
  - Kingsway Primary (Part of Community Academy Trust) 1/120/21
  - Lillington School (Finham Park Multi Academy Trust) starts 1/1/2021
  - Trinity School (part of Our Lady of Lourdes MAT starts) 1/1/2021
  - All Saints Bedworth school (part of Coventry Diocese MAT) start date 1/2/2021
3. New Employers
  - Sure Maintenance 21/12/2020
  - Caterlink start 1/1/2021
  - Baileys Catering (Shotton) 1/1/2021

**8. Revocation of the Exit Cap**

Liz Firmstone reiterated that the regulations had been disapplied and that government were expected to publish alternative proposals in due course.

The meeting rose at 14:52

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Chair

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# Staff and Pensions Committee

Tuesday 25 May 2021

## Minutes

### Attendance

#### Committee Members

Councillor Andy Jenns (Chair)  
Councillor Bill Gifford (Vice-Chair)  
Councillor John Horner  
Councillor Christopher Kettle  
Councillor Sarah Millar  
Councillor Jill Simpson-Vince

### 1. General

#### (1) Apologies

None.

#### (2) Disclosure of Pecuniary and Non-Pecuniary Interests

None.

### 2. Appointment of Chair

Councillor John Horner proposed that Councillor Andy Jenns be Chair of the Committee and was seconded by Councillor Christopher Kettle.

#### Resolved

That Councillor Andy Jenns be Chair of the Staff and Pensions Committee for the ensuing municipal year.

### 3. Appointment of Vice Chair

Councillor Jenns proposed that Councillor Bill Gifford be Vice-Chair of the Committee and was seconded by Councillor Horner.

#### Resolved

That Councillor Bill Gifford be Vice-Chair of the Staff and Pensions Committee for the ensuing municipal year.

### 4. Appointments to Sub Committees/Bodies

The Chair proposed that the recommendations set out in Paper C were approved. This was seconded by Councillor Gifford.

**Resolved**

The appointments set out in the paper were approved.

The meeting rose at 11:05

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Chair

**Staff and Pensions Committee****Teachers Pay - Review of Scale Points 6a and 6b**

14 June 2021

**Recommendation**

1. That the Committee approves the amalgamation of points 6a and 6b of the Teachers Main Pay Scale into a single point 6, to be paid at the current scale 6b level, with effect from September 2021.

**1. Executive Summary**

- 1.1 Warwickshire County Council, in its role as the employer, sets a model approach for pay which we ask all maintained schools to adopt to ensure consistency of pay application. Although schools have discretion to apply a different pay approach we are not aware of any maintained schools in Warwickshire that are doing this. Decisions around teachers' pay and terms and conditions require Staff and Pensions approval.
- 1.2 As part of the 2020 pay award for Teachers, the Government reintroduced advisory pay points on the main and upper pay scales with effect from September 2020.
- 1.3 Warwickshire's Teachers' pay policy already incorporates pay points on the main and upper pay scales which align in the main to the reintroduced advisory pay points. The one difference is that the Government's advisory pay points have a single point 6 on the main pay scale. Warwickshire has a point 6a and point 6b, these points having been a feature of the LGA modelled pay scales.
- 1.4 A report to Staff and Pensions meeting on 13 October 2020 recommended that Warwickshire did not amalgamate to a single point 6 for the 2020/2021 pay year. It was proposed that a review would be conducted to understand the financial impact and confer with Schools and neighbouring authorities. The Staff and Pensions Committee endorsed that recommendation.
- 1.5 This review has recently been completed. The review looked at the feasibility of amalgamating points 6a and 6b to a single point 6. The amalgamated point 6 would be paid at the higher value 6b scale point to mirror the Government's advisory pay point for 6. Scale point 6a would be retired and teachers currently at 6a would receive an increase in pay to the new value.
- 1.6 In light of the support of head teachers, the TU position and the approach adopted by other Local Authorities there is a compelling argument to amalgamate to a single scale point.
- 1.7 Whilst this is not necessarily a retention exercise assimilating the points will likely improve people's perception of fairness and equity.

- 1.8 A recommendation is therefore made to amalgamate points 6a and 6b to a single point 6 with a value of £36,961. This change brings Warwickshire pay scales in line with the Government's advisory pay scales.
- 1.9 There is no requirement for us to backdate as the pay points are advisory. Our position therefore is that the new arrangement will take place from 1 September 2021.

## **2. Review Findings**

### *2.1 Warwickshire Headteachers*

Consultation has been undertaken through the network of Consortia Chairs covering Warwickshire. The feedback received represented around 50% of schools and the feedback received has supported the amalgamation to a single point 6. The reasons for this include the fact that it will bring Warwickshire into line with surrounding authorities and to remove any confusion around the 2 points. Appendix 1 details the feedback received.

### *2.2 Neighbouring Local Authorities*

Warwickshire is part of the West Midlands Employers Schools network. Through this network we have been able to establish that where neighbouring Authorities were operating points 6a and 6b they have amalgamated these in line with the Government's advisory pay points. These authorities include Coventry, Wolverhampton, Walsall, Stoke and Solihull.

- 2.3 The position regarding Warwickshire academies is mixed with some using a single point while others have retained the two points in line with Warwickshire.

### *2.4 Trade Union Position*

The Trade Union do not agree with the current approach of having 6a and 6b. They appreciate the financial challenges that schools face but believe the current position should be addressed.

### *2.6 Wider context*

The Government has announced a temporary pause to increasing public sector pay this year and the Government remit to the pay review body for teachers pay referenced this pay pause. It will be July before there is confirmation of any pay uplift applicable to teachers.

The amalgamation of the 2 points falls outside of the pay pause and we are not aware of anything that would prevent us assimilating the 2 points. The messaging would need to be well considered as those teachers currently at pay point 6a would receive an increase whilst others would not. The number of teachers at 6a represents 22.5% of all teachers.

## **3 Financial Implications**

- 3.1 Currently 6a is £36,500 per annum and 6b is £36,961. The recommendation is to amalgamate these two points to the £36,961 which mirrors the advisory scale point 6.

- 3.2 There is no additional funding available to support this amalgamation. The financial plans currently being prepared and approved by schools assume the existing two points will be ongoing so there will be an impact on budgets if the points are amalgamated. However, the advice to schools is that to ensure their robustness plans should assume a 2% pay award from September 2021 which could support some of the additional costs, if the Government's plans for a temporary pause on increasing public sector pay this year is borne out.
- 3.3 Pay modelling completed at the end of March 2021 suggests that the cost to amalgamate to a single point 6 would be an additional 0.2% across all schools. Although some schools will see an increase about 0.2% others will see an increase below 0.2% as it will be dependent on staff structures in individual schools.
- 3.4 As well as teachers in schools, the local authority also employs teachers directly in services that are traded with schools. Of these only 3 are at 6a and all are employed in the Warwickshire Music Service.
- 3.5 The recommendation is that the amalgamation takes effect from 1<sup>st</sup> September 2021.

#### **4. Environmental Implications**

None

#### **5. Timescales associated with the decision and next steps**

- 5.1 If the recommendation is accepted, it is proposed to implement the change from September 2021.

#### **6. Appendix – Summary of Feedback Received**

#### **Background Papers**

- 1. Staff and Pensions Paper 13 October 2020 Pay Award for Warwickshire County Council Employees on School Teachers Pay and Conditions

	<b>Name</b>	<b>Contact Information</b>
Report Author	Trish Kinsella	patriciakinsella@warwickshire.gov.uk
Assistant Director	Sarah Duxbury	sarahduxbury@warwickshire.gov.uk
Strategic Director	Rob Powell	robpowell@warwickshire.gov.uk
Portfolio Holder	Cllr Andrew Jenns	cllrjenns@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

Local Member(s):  
Other members:

### Appendix - Consultation Feedback from Schools

Kenilworth Consortium	We all agreed that we are happy for 6a/6b to be amalgamated to form a single scale point 6!
South Leamington Consortia 8B	<ul style="list-style-type: none"> <li>· 6 heads were not aware that this existed so haven't been implementing this.</li> <li>· 2 heads were using this approach and are paying M6 teachers at the two rates, this is built into their financial forecasting</li> <li>· 2 heads remember it briefly being mentioned but haven't continued to implement it</li> <li>· 4 shared their view that their preference would be to amalgamate the two pay points 6A and 6B and have a single pay point for M6</li> <li>· 6 didn't give a response to the consultation</li> </ul>
Consortium 13	<p>Knowledge of 6a and 6b pay points ranged from being aware and using this, being aware and not relevant at the moment, and not being aware.</p> <p>Consensus was that it is desirable for Warwickshire's approach to be consistent with neighbouring counties.</p>
Consortium 11	Agreed that MS 6 a and b be merged into one MS point.
Consortium 7	All those present unanimously voted to merge 6a and 6b on the teachers pay scale.
North Leamington Group	The feeling is fairly resounding that the two point should be amalgamated - causes to much confusion.



## Staff and Pensions Committee

13 October 2020

### Pay award for Warwickshire County Council Employees on School Teachers' Pay and Conditions

#### Recommendation

That Members approve the application of the national pay award to WCC staff employed on School Teachers' Pay and Conditions Document in line with the approach set out at section 4 of the report.

#### 1.0 Introduction

- 1.1 The following paper outlines the position regarding the 2020 pay award to employees paid on the school teachers' pay and conditions document (known as STPCD) which applies to teachers based in maintained schools and those employed centrally.

#### 2.0 2020 Pay Award to STPCD

- 2.1 The Secretary of State for Education has accepted the recommendations of the 30<sup>th</sup> report of the School Teachers' Review Body (STRB) and the draft School Teachers Pay and Conditions Document that was published on 21 July for consultation until 14 September 2020.
- 2.2 The revised School Teachers Pay and Conditions Document outlines the following September 2020 pay award:-
- Minimum pay point of the main pay range is increased by 5.5 per cent.
  - Maximum pay point of the main pay range and the minima and maxima of all other pay and allowance ranges for teachers and school leaders are uplifted by 2.75 per cent.
  - Advisory pay points are reintroduced on the main pay range and upper pay range from September 2020.
  - Except for teachers and leaders on the minima of their respective ranges or group ranges, schools must determine – in accordance with their own pay policy – how to take account of the uplift to the national framework in making individual pay progression decisions.

### 3.0 Considerations and potential risks of inconsistently applying the pay award

3.1 In response to the pay discretions offered to schools, each year the Staff and Pensions Committee have approved a proposal that the nationally determined pay uplift that is applied to the minima and maxima of the pay ranges will be applied equally to all pay points in between (known as the pay reference points). This approach has provided the basis for a consistent application of the pay award and therefore helped to minimise equal pay risks. This agreement has then been incorporated into the school teachers pay policy for centrally employed staff and the model pay policy for teaching staff in schools. Although schools have discretion over how they apply the pay discretions there remains no evidence that they have moved away from the position recommended within the model policy.

3.2 The 2020 School Teachers Pay and Conditions Document (STPCD) has reintroduced advisory pay points on the main pay range and upper pay range from September 2020. Warwickshire's school teachers pay policy already incorporates pay reference points on the main pay range and upper pay range which align, in the main, to the reintroduced advisory pay points. The difference is the proposed advisory pay points, as set out in the STPCD, do not include the structure of points M6a and M6b, which are currently used by Warwickshire, and have been a feature of the LGA modelled pay scales. The draft STPCD does not contain guidance on how assimilation onto the proposed advisory pay points should be managed in these cases. The options available are:

- Option 1 - Assimilate to a single pay point 6 as set out in the STPCD advisory pay points.
- Option 2 - Retain reference pay point 6a and 6b and defer a decision on assimilation to a single pay point 6 following a full review of the financial impact, allowing time to confer with Schools and neighbouring Local Authorities to determine Warwickshire's approach, in consultation with unions.

Estimates suggest the cost to assimilate to a single point 6 would be an additional 0.2% across all schools. The Government is not providing additional funding to support these pay increases which must be funded from existing school budgets. Given the increased financial strain option 1 would cause to schools, it is proposed Warwickshire retain pay points 6a and 6b for the 2020/21 pay year and defer a decision on assimilation following a full review.

3.3 Implementing the approach applied historically and continuing to align to the advisory pay points as set out in the STPCD would mean presenting pay

policies for central and school based staff requiring a 5.5% uplift to the minima of the main pay range at pay reference point 1, decreasing on a tapering scale to a 2.75% uplift at the maxima of the main pay range at pay reference point 6 and an uplift to all other pay points of 2.75%. This is based on the retention of reference point 6a and 6b for the purpose of the 2020/21 pay year. Full details on the application of the tapering on the main pay range is set out in 4.1.

- 3.4 The final recommendations set out in the 2020 STPCD are equivalent to an average 3.1% increase in the overall pay bill nationally. The Government's response states; "this pay award will be affordable, on average, nationally for schools thanks to this Government's three-year investment package announced at the 2019 Spending Round. We are increasing core schools funding by £2.6 billion this year, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20. As previously set out, from 2021-22 the funding schools currently receive through the teachers' pay and pension grants will be part of schools' core funding allocations, as determined by the schools national funding formula, and there will be no increase to these grants in respect of this year's pay award".
- 3.5 Warwickshire schools have budgeted for a 2% increase in teachers' pay from September 2020. Estimates suggest the proposed pay award will add 3% to the pay bill and assimilation to a single point 6 would add 3.2% to the pay bill for Warwickshire maintained schools. In terms of affordability, individual schools will face different financial challenges to balance their budget, depending on their staffing profile, pupil numbers and other factors. Schools who cannot fund the pay awards from existing resources will have to find savings from within existing budgets or find ways of generating additional income to balance budgets in future years. Income generation opportunities may be limited due to the effect of the pandemic.
- 3.6 As well as teachers in schools, the local authority also employs teachers directly in services that are traded with schools. The full year cost of the pay award equates to approximately £85,000 (2.86%) of additional salary costs above existing pay levels.
- 3.7 There are implications of not taking a consistent approach, in relation to the potential negative impact on the recruitment and retention of teaching staff, the associated wage drift over time and potential employee relations tensions.
- 3.8 The Local Government Association has been proactive in its representation of the concerns of the vast majority of local authorities, that equal pay risks may arise if schools choose not to apply the pay award consistently across all schools where there is a common employer. The Council has obtained legal advice that confirms that there is a potential equal pay risk in not applying the pay award consistently in all schools. The DfE has not dispelled these

concerns but has highlighted the caution employers must take in these matters.

## 4.0 Proposed application of the increase

4.1 In order to maximise the consistency of approach and mitigate against future equal pay risks, it is proposed that the following should be incorporated into teacher pay policies for schools and centrally employed staff for 2020/21:

- Main Pay Range:
  - 5.5% uplift to the minima at pay point 1
  - 4.95% uplift to pay point 2
  - 4.4% uplift to pay point 3
  - 3.85% uplift to pay point 4
  - 3.3% uplift to pay point 5
  - 2.75% uplift to pay point 6a
  - 2.75% uplift to pay point 6b
- 2.75% uplift to be applied to the minima and maxima, and all of the pay reference points in between, of all other pay ranges in the national framework - to include upper pay range, unqualified teacher range, leading practitioner pay range, Headteacher pay range, Deputy Head Teacher Pay Range, Assistant Headteacher Pay Range, Leadership Group Pay Range.
- 2.75% increase to be applied to the minima and maxima and all of the pay reference points in-between (where these exist) of all allowances across all pay ranges, including Teaching and Learning Responsibility Payments and Special Education Needs Allowances.
- 2.75% uplift to the minima and maxima, and all of the pay reference points in between, of the Warwickshire Music Service Instrumental Pay Range.

4.2 As set out in 3.2 it is not proposed to move to a single pay point 6 on the main pay range for the 2020/21 pay year. We propose to carry out a full review to further understand the financial impact and confer with Schools and neighbouring Local Authorities to determine Warwickshire's approach, in consultation with unions.

4.3 In adopting this approach there remains a risk that some schools may wish to exercise their discretion not to apply the pay award as recommended within the model policy which could theoretically create the potential for an equal pay risk for the Council. However, legal advice is that there would be the potential to run a legal defence (known as a material factor defence) due to schools being responsible for setting their own pay decisions according to local budget considerations, and this is unconnected to gender.

- 4.4 Ultimately schools have discretion on this matter, however as there is a risk that their actions could generate a liability for the Council, it is proposed that the pay recommendation to our schools should again be accompanied by a notification to Governing Bodies, that any legal costs associated with equal pay claims as a result of not following the Local Authority advice would fall to the school's budget share. This message would be consistent with Section 6.2.11 of the Scheme for the Financing of Schools (Section 48 of the School Standards and Framework Act 1998) that the Council publishes each year.

## 5.0 Financial Implications

- 5.1 Financial implications are based on the proposed application of the 2020/21 Teachers Pay Award as set out in section 4 of this report.
- 5.2 Warwickshire schools have budgeted for a 2% increase in teachers' pay from September 2020. Estimates suggest the proposed pay award will add 3% to the pay bill and assimilation to a single point 6 would add 3.2% to the pay bill for Warwickshire maintained schools. In terms of affordability, individual schools will face different financial challenges to balance their budget, depending on their staffing profile, pupil numbers and other factors.
- 5.3 For teachers employed directly by the local authority the full year cost of the pay award equates to approximately £85,000 (2.86%) of additional salary costs above existing pay levels.

## 6.0 Environmental Implications

None

### Background papers

None other than published documents:

School Teachers' Review Body 30<sup>th</sup> Report 2020  
School Teacher's Pay and Conditions Document 2020

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## Staff and Pensions Committee

### Scheme Advisory Board Final Good Governance Report

14 June 2021

#### Recommendation(s)

1. The Staff and Pensions Committee note and comment on the report.

#### 1. Executive Summary

- 1.1 In February 2021 the Scheme Advisory Board published its final Good Governance Phase 3 Report which was produced by the Hymans Robertson project team.
- 1.2 The report provides further details on the recommendations that will be submitted to the Local Government minister for consideration.

#### 2. Financial Implications

- 2.1 No direct costs occur immediately, but the recommendations would have resourcing implications, both in terms of how resources are organised and the total cost.

#### 3. Environmental Implications

- 3.1 None.

#### 4. Supporting Information

- 4.1 The phase 3 report (Appendix 1) provides detailed recommendations. The key recommendations are summarised below:
  - **LGPS senior officer;** a single named officer who is responsible for the delivery of the LGPS activity for a fund. Details of the core functions of the role and competencies needed to fulfil the role and how it can be incorporated into different organisational structures.
  - **Conflicts of Interest;** all administering authorities should publish a conflicts of interest policy.

- **Representation:** each administering authority must publish a policy on how scheme members and non-administering authority employers are represented on pension committees.
- **Skills and Training;** key individuals, such as pension committee members and section 151 officer have the appropriate knowledge to carry out their duties efficiently. The administering authority must publish a training strategy.
- **Service delivery:** regulation change for it to be compulsory for an administering authority to publish an administration strategy.
- **Key Performance Indicators:** ensuring that the administering authority has defined service standards and the governance in place to monitor these.
- **Business planning process:** senior officers and committee must be satisfied with the resource and budget allocated to administer the LGPS each year. This must be based on the business plan and not the previous years' budget increased by inflation.

## 5. Timescales associated with the decision and next steps

- 5.1 The Scheme Advisory Board has produced an Action Plan for the Recommendations which is reproduced at Appendix 2.
- 5.2 Officers will keep the Staff and Pensions Committee updated with developments.

### Appendices

1. Appendix 1 Good Governance Phase 3 report.
2. Appendix 2 Good Governance Action Plan

### Background Papers

1. None

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The report was circulated to the following members prior to publication:

Local Member(s): None  
Other members: n/a



# Good Governance: Phase 3 Report to SAB

February 2021

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## Good Governance: Phase 3

### Report to SAB

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Appendix 1 - Senior officer organisational structures
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Appendix 3 - KPI Reporting
Appendix 4 - Summary of the Independent Governance Review

## Introduction

The Scheme Advisory Board accepted the proposals in the Good Governance report Phase 2 on 3 February 2020 and requested that the project team and working groups provide further detail on the implementation of these proposals. The project has suffered delays as a result of COVID and the requirement for key stakeholders in their main roles to focus on and prioritise the response to the pandemic. However, some meetings were held early in 2020 and working papers and notes have been circulated over the last months to collate feedback and reflect the wide range of views from the group.

We considered that some proposals from Phase 2 didn't need further detail in order to progress with implementation and focussed on the proposals which needed further analysis or consideration ahead of implementation. We have provided additional details on these proposals for the consideration of the SAB. This paper should be read in conjunction with the paper from Phase 2.

For reference, all the proposals from Phase 2 are listed below and we have indicated with a \* the proposals addressed further in this report.

Area	Proposal
A. General	* <b>A.1</b> MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. ("the Guidance").
	* <b>A.2</b> Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. ("the LGPS senior officer").
	<b>A.3</b> Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be co-signed by the LGPS senior officer and S151.
B. Conflicts of interest	* <b>B.1</b> Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.
	* <b>B.2</b> The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB – <b>now updated*</b>
C. Representation	* <b>C.1</b> Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party.
D. Knowledge and understanding	* <b>D.1</b> Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
	* <b>D.2</b> Introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.
	* <b>D.3</b> Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
	* <b>D.4</b> CIPFA should be asked to produce appropriate guidance and training modules for s151 officers.
E. Service Delivery for the LGPS Function	<b>E.1</b> Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of

	delegation and constitution and be consistent with role descriptions and business processes.
	<b>*E.2</b> Each administering authority must publish an administration strategy.
	<b>*E.3</b> Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.
	<b>*E.4</b> Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
F. Compliance and improvement	<b>*F.1</b> Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
	<b>F.2</b> LGA to consider establishing a peer review process for LGPS Funds.

### Atypical administering authorities

This report has been drafted largely using terminology relevant to the majority of administering authorities who are local authorities. However, it is recognised that there are some administering authorities which do not fit this model. In taking forward any of the proposals outlined in this report it will be necessary to ensure that principles can be applied universally to LGPS funds and that any guidance recognises the unique position of some funds.

### Use of terms

Throughout this document the following terms have a specific meaning unless the context makes clear that another meaning is intended;

**Administering authority** refers to a body listed in part 1 of Schedule 3 to the LGPS Regulations 2013 that is required to maintain an LGPS pension fund. In particular the term is used here when such a body is carrying out LGPS specific functions.

For example "Each administering authority must publish an annual report".

**Committee** a committee formed under s101 of the Local Government Act 1972 to which the administering authority delegates LGPS responsibilities and decision making powers. Alternatively, can refer to an advisory committee or panel which makes recommendations on LGPS matters to an individual to whom the administering authority has delegated LGPS decision making responsibility.

For example "The pensions committee should have a role in developing the business plan".

**Host authority** refers to a council or other body that is also an administering authority but is used to refer to that body when it is carrying out wider non-LGPS specific functions.

For example "Delivery of the LGPS function must be consistent with and comply with the constitution of the host authority"

**The fund** carries a more general meaning and is used to refer to the various activities and functions that are necessary in order to administer the LGPS.

For example "Taking this course of action will improve the fund's administration".

Alternatively, the term is used in the context of the scheme members and employers who contribute to the LGPS arrangements of a specific administering authority.

For example “The number of fund employers has increased in recent years”.

## Further Discussion on Recommendations

### A General

***A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”).***

The intention throughout this review has been that any SAB recommendations should be enacted via the introduction of new statutory governance guidance which will supersede current guidance<sup>1</sup>. It was felt that this approach would be quicker and more responsive than relying on changes to secondary legislation. The LGPS regulations contain a provision<sup>2</sup> that allows the secretary of state to issue guidance on the administration and management of the scheme.

We have noted that the outcome of The Supreme Court’s judgment on LGPS boycotts (The Palestinian Case)<sup>3</sup> may impact the extent to which future changes are enacted through guidance rather than changes to legislation.

***A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. (“the LGPS senior officer”).***

This is one of the core recommendations in Phase 2 report and we have provided further detail on the proposal below, including details on the core requirements of the role, organisational guidelines and personal competencies for individuals.

#### Core Requirements

The role of the LGPS senior officer is to lead and take responsibility for the delivery of the LGPS function. The core requirements include but are not limited to:

- Following appropriate advice, developing the fund’s strategic approach to funding, investment, administration, governance and communication;
- Ensuring that there is a robust LGPS specific risk management framework in place which embeds risk management into the culture of the fund and identifies, assesses and mitigates the risks facing the fund;
- Ensuring the pension fund is organised and structured in such a way as to deliver its statutory responsibilities and compliance with The Pensions Regulator’s codes of practice;
- Managing delivery of the LGPS function to meet service level agreements;
- Providing advice to members of committees that have a delegated decision-making responsibility in respect of LGPS matters;
- Providing advice and information to members of local pensions board to assist them in carrying out their responsibilities;
- Ensuring that the role of the pension fund and LGPS matters are understood and represented at the local authority’s senior leadership level;

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<sup>1</sup> [LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE COMPLIANCE STATEMENTS STATUTORY GUIDANCE – NOVEMBER 200](#)

<sup>2</sup> See Regulation 2(3A)

<sup>3</sup> [R \(on the application of Palestine Solidarity Campaign Ltd and another\) \(Appellants\) v Secretary of State for Housing, Communities and Local Government \(Respondent\)](#)

- Working with partner funds and the pool company (if appropriate) to ensure effective governance in respect of investment pooling arrangements;
- Where the LGPS Senior Officer is not themselves the local authority's s151 officer, support the s151 officer to ensure the proper administration of the fund's financial affairs; and
- Acting with the highest integrity in the interests of the fund's members and employers.

### Underpinning principles and characteristics

This section considers what needs to be in place for an LGPS senior officer to successfully deliver the role. It is split into the organisation principles that the administering authority should consider when drawing up the role of Senior Officer as well as the personal characteristics and competencies that the individual should exhibit.

#### Organisational Principles

In appointing a LGPS senior officer, administering authorities should have consideration of the following organisational principles.

**Representing the fund at a senior level.** The Senior Officer should be of sufficient seniority to ensure that pension issues can be brought the attention of the senior leadership team as necessary. This also ensures that the Senior Officer is close enough to the strategic direction of the host organisation and able to influence decisions where they impact on the management of the fund. It is unlikely that the Senior Officer role could be carried out effectively by an individual lower than third tier in the organisation.

**Capacity.** The role of Senior Officer is demanding and those undertaking it should be able to give it the necessary attention. While the Senior Officer might have some other responsibilities within the organisation, these should not be of a scale that they impact adversely on the ability to ensure the effective delivery of the LGPS function. When considering capacity, it would be appropriate to consider both the Senior Officer role and the capacity and seniority of their direct reports working in the LGPS.

**Reporting Lines.** As the individual with responsibility for delivering the LGPS function, it is appropriate that those with key LGPS functions come under a reporting structure which falls under the Senior Officer's supervision.

From time to time the fund will employ resource and expertise from other areas of the authority, for example project management, IT or legal services. It is not the intention that all that all of these functions should fall under the Senior Officer, however the expectation is that key functions such as investment, administration, employer liaison, communications, fund accounting etc do.

**Resourcing.** The senior officer is responsible for the delivery of the LGPS function and as such must be able to ensure that they run an operation that is sufficiently resourced. The intention is that the Senior Officer is responsible for drawing up the fund's budget and agreeing it with the Pension Committee.

In doing so the Senior Officer needs to be cognisant of the need to maximise the value of any spend from the public purse.

### Personal Competencies

The following are the personal and professional attributes that should be embodied by the LGPS Senior Officer.

**An ability to build strong relationships and influence.** The Senior officer will be expected to influence matters at the highest levels of the organisation. They should be comfortable dealing with elected members and understand the requirements of working in a political environment.

The Senior Officer will need to build and maintain strong relationships with employers within the Fund as well as partners within the investment pool.

The Senior Officer will also need the ability to build strong relationships with professional advisers, including challenging them when appropriate and work to enable the effective operation of the pension board

The Senior Officer will also be expected to represent the fund at a national level.

**Strong technical skills.** There is no requirement for an LGPS senior officer to have a specific professional qualification, although a relevant qualification (accounting, investment, actuarial, pensions management, legal) may be advantageous. They should have a strong understanding of all aspects of the LGPS. The Senior Officer should have a good grasp of the funding, investment and regulatory matters that impact the fund. They should also be able to explain and simplify difficult concepts to non-technical audiences.

**Strategic thinking.** It is the role of the Senior Officer to set the strategic direction of the fund. This requires an individual who can synthesise information from a broad range of sources, learn from experiences and bring new ideas to the table. The LGPS senior officer should develop a strong idea of how the delivery of the service will change over time and how the fund can be ready to meet new challenges.

**Operational effectiveness.** The Senior Officer should be leader with the ability to drive improvement within the organisation and motivate others to buy into their vision. They will need to put plans in place to deliver effective services yet be flexible enough to deal with a volatile pensions landscape.

**Strong ethical standards.** The LGPS environment can produce the potential for conflicts of interest to arise. The Senior officer should be an individual who embodies the highest ethical standards and acts in the interests of the fund's members and employers. They demonstrate and positively promote the seven principles of public life.

### Organisational Structure

Appendix 1 contains examples of how the Senior officer role could be incorporated into various organisational structures.

***A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer.***

In order to improve the transparency and auditability of governance arrangements, each fund must produce an enhanced annual governance compliance statement, in accordance with the statutory governance guidance, which sets out details of how each fund has addressed key areas of fund governance. The preparation and sign off of this statement will be the responsibility of the LGPS senior officer and it must be co-signed by the host authority's s151 officer, where that person is not also the LGPS senior officer. The expectation will also be that committees and local pension boards would be appropriately involved in the process.



It should be noted that the current LGPS regulations<sup>4</sup> require that administering authorities publish an annual governance compliance statement concerning matters relating to delegation and representation on pension committees. We recommend that amendments are made such that all requirements are incorporated into a single governance compliance statement.

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<sup>4</sup> See Regulation 55 “Administering Authorities: Governance Compliance Statement”

## B Conflicts of Interest

***B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance.***

One of the key objectives of the Good Governance Review was to consider how potential conflicts of interest manifest themselves within current LGPS set up and to suggest how those potential conflicts can be managed to ensure that they do not become actual conflicts. In doing so, the SAB was of the view that the democratically accountable nature of the LGPS be maintained.

Since almost all LGPS funds are rooted in local authority law and practice, those elected members who serving on pension committees are subject to local authority member codes of conduct<sup>5</sup>. These will require members to register existing conflicts and to recognise when conflicts arise during the course of their duties and how to deal with them. Elected members must also comply with the Seven Principles of Public Life (often referred to as the Nolan Principles). Non-elected members sitting on committees and local pension boards should be subject to the same codes and principles.

There are, however, specific conflicts that can arise as a result of managing a pension fund within the local authority environment. The intention of this recommendation is that all administering authorities publish a specific LGPS conflicts of interest policy. This should include information on how it identifies, monitors and manages conflicts, including areas of potential conflict that are specific to the LGPS and will be listed in The Guidance. The expectation is that the areas covered will include:

- Any commercial relationships between the administering authority or host authority and other employers in the fund/or other parties which may impact decisions made in the best interests of the fund. These may include shared service arrangements which impact the fund operations directly but will also include outsourcing relationship and companies related to or wholly owned by the Council, which do not relate to pension fund operations;
- Contribution setting for the administering and other employers;
- Cross charging for services or shared resourcing between the administering authority and the fund and ensuring the service quality is appropriate for the fund;
- Dual role of the administering authority as an owner and client of a pool;
- Investment decisions about local infrastructure; and
- How the pension fund appropriately responds to Council decisions or policies on global issues such as climate change.
- Any other roles within the Council being carried out by committee members or officers which may result in a conflict either in the time available to dedicate to the fund or in decision making or oversight. For example, some roles on other finance committees, audit or health committees or cabinet should be disclosed.

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<sup>5</sup> **Similar codes apply for non-local authority administering authorities.**

Each administering authority's policy should address:

- How potential conflicts of interest are identified and managed;
- How officers, employer and scheme member representatives, elected members, members of the local pension board and advisers and contractors understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- Systems, controls and processes, including maintaining records, for managing and mitigating potential conflicts of interest effectively such that they never become actual conflicts;
- How the effectiveness of its conflict of interest policy is reviewed and updated as required;
- How a culture which supports transparency and the management and mitigation of conflicts of interest is embedded; and
- How the specific conflicts that arise from its dual role as both an employer participating in the Fund and the administering authority responsible for delivering the LGPS for that fund are managed.

In putting together such a policy it is recognised that membership of the LGPS is not, in and of itself, a conflict of interest.

The Guidance should require each fund to make public its conflicts of interest policy.

***B.2 The Guidance should include reference to the latest available legal opinion on how statutory and fiduciary duties impact on all those involved in the management of the LGPS, and in particular those on decision making committees.***

There are no immediate plans for SAB to opine on or publish a statement on fiduciary duty given the conflict between Nigel Giffin's opinion and those of the Supreme Court in the Palestine case. Therefore, this recommendation has been updated.

## C Representation

***C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.***

One of the key principles of the Good Governance Review is the recognition that each administering authority knows its own situation best and that The Guidance should avoid being overly prescriptive and limiting. In the matters of delegating responsibilities and appointing members to committees, most administering authorities must comply with the Local Government Act 1972. Nothing within The Guidance can, or should, override or limit the provisions of the 1972 Act. The intention behind this recommendation is simply that administering authorities prepare, maintain and publish their policy on representation and to require that they provide:

- the rationale for their approach to representation for non-administering authority employers and local authority and non-local authority scheme members on any relevant committees; and
- the rationale as to whether those representatives have voting rights or not.

The SAB's view is that **it would expect** scheme managers to have the involvement employers and member representatives on any relevant committees.

In addition to representation on committees, administering authorities should state other ways in which they engage their wider employer and Scheme membership

The Guidance should also acknowledge the important principle that administering authorities may wish to retain a majority vote on decision making bodies in order to reflect their statutory responsibilities for maintaining the fund.

## D Skills and training

***D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.***

There was widespread agreement throughout the Good Governance Review process that those making decisions about billions of pounds of public money and the pension provision of millions of members should be properly trained to carry out the responsibilities of their role. The level of knowledge and understanding of technical pensions topics will vary according to role.

The Guidance should require the Administering Authority to identify training requirements for key individuals having regard for:

- topics identified in relevant frameworks or in publications by relevant bodies (e.g. CIPFA, TPR etc)
- the workplan of the Administering Authority; and
- current or topical issues.

The Administering Authority should develop a training plan to ensure these training requirements are met and maintain training records of key individuals against the training plan. These records should be published in the Governance Compliance Statement.

### Pension Committees

The private sector has seen an increasing move towards the professionalisation of trustees and the introduction in to the LGPS in recent years of TPR, local pension boards and MIFID have made knowledge and skills for committees and boards a greater focus.

The membership of committees typically includes some or all of the following:

- administering authority elected members;
- other local authority elected members;
- other employer representatives; and
- scheme member representatives.

Training requirements for pensions committees apply to all members.

The Guidance should clarify that the expectation is that the TPR requirements that apply to Local Pension Boards should equally apply to pension committees. As a minimum those sitting on pension committees or the equivalent should comply with the requirements of MiFID II opt-up to act as a professional client but the expectation is that a higher level and broader range of knowledge will be required.

At committee, knowledge should be considered at a collective level and it should be recognised that new members will require a grace period over which to attain the requisite knowledge.

A pension committee member is not being asked to be a subject matter expert or act operationally. Instead the role involves receiving, filtering and analysing professional advice in order to make informed decisions.

A pension committee member should put aside political considerations, act in the interest of all employers and members and act within a regulatory framework.

When considering what training is appropriate for committee members, it might help to consider how pension committee operate and what makes an effective committee. To carry out the role effectively a committee member must have the following;

- An ability to focus on the issues that make the most difference and produce the most value and not be distracted by lower order issues;
- Access expert professional advice in the form of external advisers and administering authority officers; and
- An ability to seek reassurance, challenge the information provided and bring their own experiences to bear in decision making.

***D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.***

Treasury Guidance<sup>6</sup> requires that all government departments should have professional finance directors and that “It is good practice for all other public sector organisations to do the same, and to operate to the same standards”.

Professionally qualified in this context refers to both being a qualified member of one of the five bodies comprising the Consultative Committee of Accounting Bodies (CCAB) in the UK and Ireland; and having relevant prior experience of financial management in either the private or the public sector.

The intention behind this recommendation is that an understanding of the LGPS should be a requirement for s151 officers (or those aspiring to the role). During the Good Governance project itself the view was put forward by some the profession that requiring an element of LGPS training could form part of an individual’s ongoing continuous professional development requirements. This would have the advantage of ensuring the topics covered remain current and relevant.

The expectation would be that an appropriate level of LGPS knowledge must be attained by S151 officers of an administering authority. A level of LGPS knowledge should also be attained by S151 officers of other public bodies participating in the LGPS in order that they can understand issues relating to the participation of their own organisation, although it is not expected that that they should have the depth and breadth of knowledge required of the S151 officer of an administering authority.

***D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.***

Many funds already publish training strategies which set out training strategies which establish how members of the Pension Committee, Pension Board and fund officers will attain the knowledge and understanding they need to be effective and to challenge and effectively carry out their decision making responsibilities. The intention is that all LGPS funds should produce a strategy which should set out how those involved with the fund will:

- have their knowledge measured and assessed;
- receive appropriate training to fill any knowledge gaps identified;
- ensure that knowledge is maintained; and
- evidence the training that is taking place

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<sup>6</sup> See *Managing Public Money (July 2013), Annex 4.1*

***D.4 CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.***

The intention is that SAB engage with the professional accountancy bodies to develop LGPS training modules for accountancy professionals operating within local authorities.

## E Service delivery for the LGPS Function

### ***E.2 Each administering authority must publish an administration strategy.***

This proposal has been progressed by the Cost Management, Benefit Design and Administration subcommittee to the SAB. When it met on the 6<sup>th</sup> January 2020 the following proposals were discussed:

- Changing the status of Regulation 59 from discretionary to mandatory and introduce the requirement for Pension Administration Strategy statements to be prepared and maintained in accordance with new statutory guidance
- Reviewing the remainder of Regulations 59 and 70 to identify whether any additional changes should be made;
- Exploring the scope for empowering administering authorities to penalise inefficient scheme employers in a more effective way;
- Recommending that MHCLG publishes new statutory guidance including :-
  - Minimum standards of performance;
  - Assessment of inefficiency costs;
  - Timescales for submitting scheme data
- Extending Regulation 80 to include a duty on all scheme employers to comply with the new Pension Administration Strategy statements.
- Changing the name of the statement to make it clear that it is wholly relevant to scheme employers.

### ***E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.***

The working group considered this and recommend that rather than attempting to define a universal set of standards for administration across the LGPS. the KPIs should focus on ensuring that each fund has defined service standards, and has the governance in place to monitor their service standards and to benchmark those standards against other funds where appropriate.



## Governance KPIs

<b>Subject Area</b>	<b>KPI</b>	<b>Notes</b>
<b>Breadth of representation</b>	1. Percentage make-up (employer/member) on committee and board and number of LPB representation	
	2. Average attendance level at meetings (percentage) – split between absence and vacancies	<i>1. and 2. may be incorporated in the Governance Compliance Statement (GCS) by including a clear statement of committee members and their attendance at meetings</i>
<b>Training and expertise</b>	3. Hours of relevant training undertaken across panel/board in last year	
	4. Relevant experience across senior management team	A qualitative statement on the LGPS Senior Officer and their direct reports (or other senior pensions staff) to include professional qualifications and financial services/pension/LGPS experience. Also include % time spent on pension fund business by each person
<b>Compliance/Risk</b>	5. Number of times risk register reviewed annually – number of times on agenda at committee/board.	This is not measuring the quality of the register but the expectation that it will be viewed regularly at the committee should also improve quality.
	6. Number of times carried out business continuity testing and/or cyber security penetration testing	<i>Key focus of TPR</i>
<b>Appropriate governance time spent on key areas</b>	7. Split of committee/board spent on administration/governance/investment	How should this be measured, is it just by number of items on the agenda keeping in mind it needs to be auditable?

## Administration KPIs

		Notes
<b>Data quality</b>	1. Common/conditional data score, in line with TPR expectations	
	2. Annual Benefit Statement percentage as at 31 August	<i>Include explanation where less than 100%.</i>
<b>Service standards/SLAs</b>	3. Number and percentage of pension set-ups (new retirements) within disclosure requirement timeframe	
	4. Does the Fund monitor and report its own standards?	Y/N
	5. Percentage of calls to customer helpline answered and resolved at first point of contact	
<b>Engagement and communication – capabilities and take-up</b>	6. Specify which online services are available to members/employers	<i>Measuring services provided by Fund online, perhaps against an agreed standardised list.</i>
	7. Percentage of members registered for the fund's online services and the percentage that have logged onto the service in the last 12 months split by status	<i>Measuring take up of services</i>
	8. Number of employer engagement events and/or briefings held in last 12 month and percentage take-up	<i>Percentage take-up could be weighted to size of employer.</i>
<b>Customer satisfaction</b>	9. Percentage of members (or employers if appropriate) satisfied with the service provided by their LGPS fund (this could be obtained via a simple questionnaire of no more than 5 questions).	<i>Members and employers should be measured separately, and funds should also report the number completing the questionnaire to ensure appropriate coverage. For consistency in comparison we suggest a general question is drafted and Funds told to incorporate into their surveys – e.g. “The service was excellent – Strongly Disagree/ Disagree/Agree/Strongly Agree.”</i>

***E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.***

Each Administering Authority has a specific legal responsibility to administer the LGPS within their geographical region and to maintain a specific reserve for that purpose. It is important therefore that the fund's budget is set and managed separately from the expenditure of the host authority.

Budgets for pension fund functions should be sufficient to meet all statutory requirements, the expectations of regulatory bodies and provide a good service to Scheme members and employers. The budget setting process should be one initiated and managed by the fund's officers and the pension committee and assisted by the local pension board.

Required expenditure should be based on the fund's business plan and deliverables for the forthcoming year. The practice should not simply be to uprate last year's budget by an inflationary measure or specify an "available" budget and work back to what level of service that budget can deliver.

The body or individual with delegated responsibility for delivering the LGPS service should have a role in setting that budget. Typically, this will involve the pension committee being satisfied that the proposed budget is appropriate to deliver the fund's business plan, but it is recognised that other governance models exist within the LGPS. Whichever approach is used, it should be clearly set out in the roles and responsibilities matrix and be consistent with the host authority's scheme of delegation and constitution.

Where a proposed budget is approved, the senior LGPS officer will confirm in the governance compliance statement that the administering authority has approved the budget required to deliver the pensions function to the required standard.

If the budget is not approved, the senior LGPS officer will declare that in the governance compliance statement, including the impact of that on service delivery as expressed in a reduced business plan.

These statements in the governance compliance statement will be co-signed by the S151 officer where this is not the same person as the senior LGPS officer.

## F Compliance and Improvement

***F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified.***

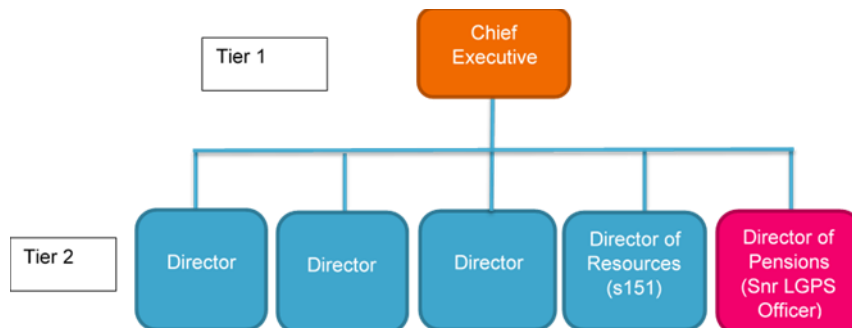
IGR reports to be assessed by a SAB panel of experts.

The Phase 2 report sets out the key features required in the Independent Governance Review. A sample outline for further discussion is included in Appendix 3.

## Appendix 1 - Senior officer organisational structures

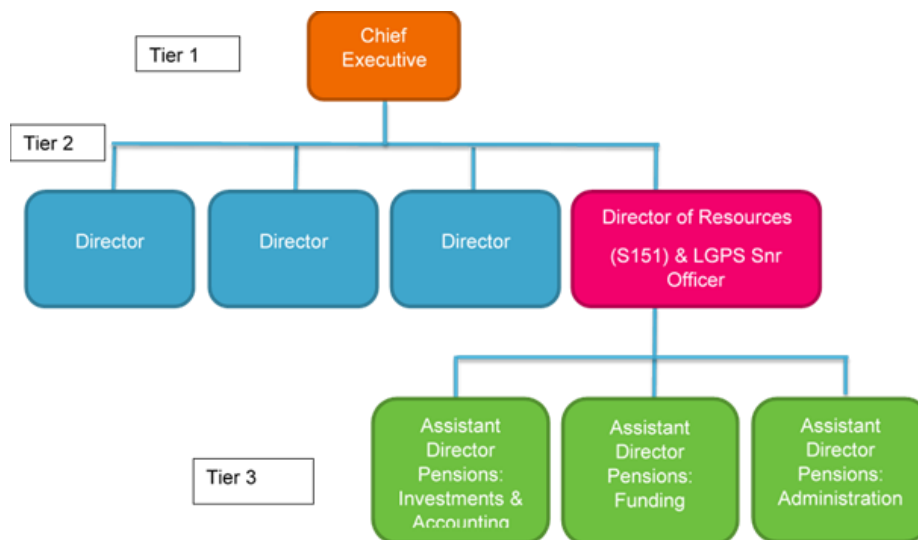
The following organisational structure charts show where the LGPS senior officer role may sit.

Example 1



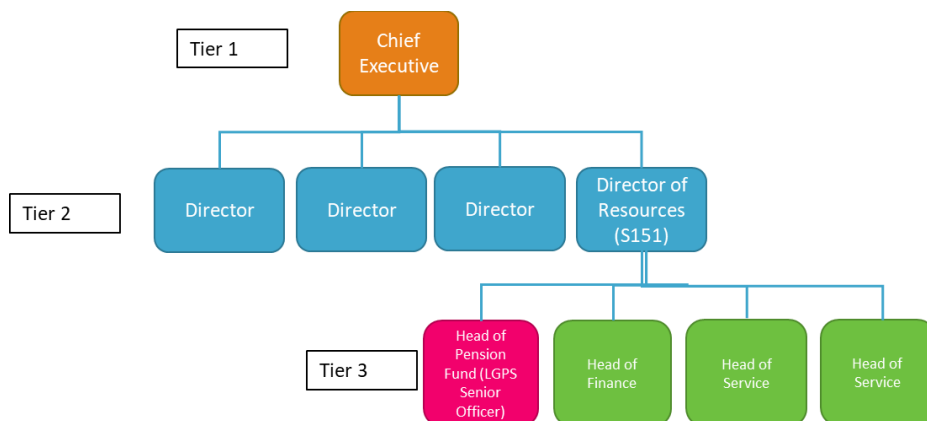
In this structure the LGPS Senior Officer is the Director of Pensions. As a tier 2 officer in the organisation the Director of Pensions will have the appropriate seniority for the role and with only LGPS responsibilities they will have the capacity to focus solely on delivery of the LGPS function.

Example 2



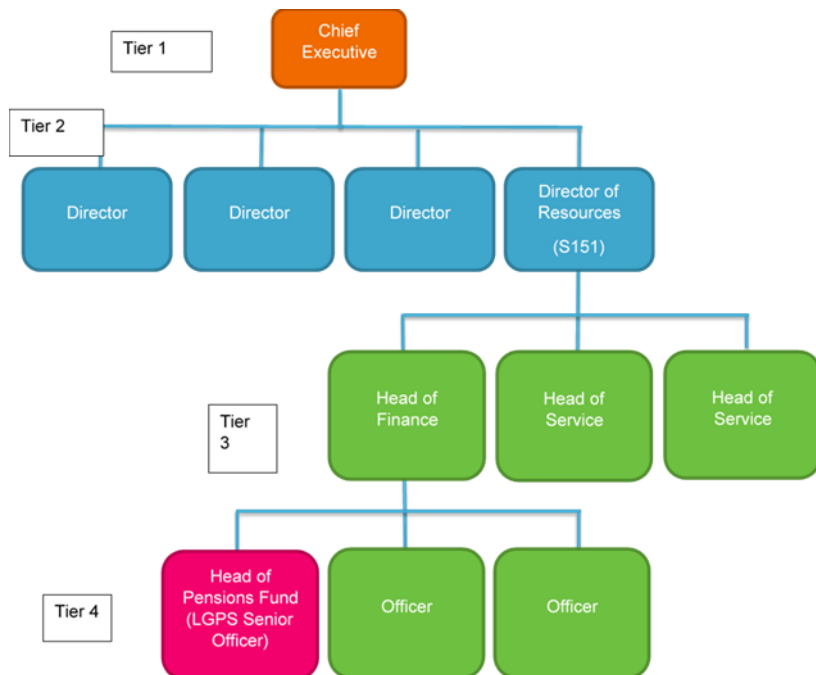
In this model the LGPS Senior Officer is a Tier 2 Director with significant other responsibilities. The diagram shows the LGPS Senior Officer as the Director of Resources and s151 officer, but a similar situation could arise if pension responsibilities lay within another Directorate, for example under a director with responsibility for legal/governance (in which case the LGPS Senior Officer would likely be the monitoring officer as well). Although the Senior officer has other responsibilities in this scenario, they are supported by a senior team of assistant directors, who are themselves tier 3 officers. The strength of the management team in this case is likely to mean that the LGPS Senior Officer has the ability to delegate aspects of LGPS delivery to an appropriately senior team, while retaining the ability to influence the strategic direction of the fund.

Example 3



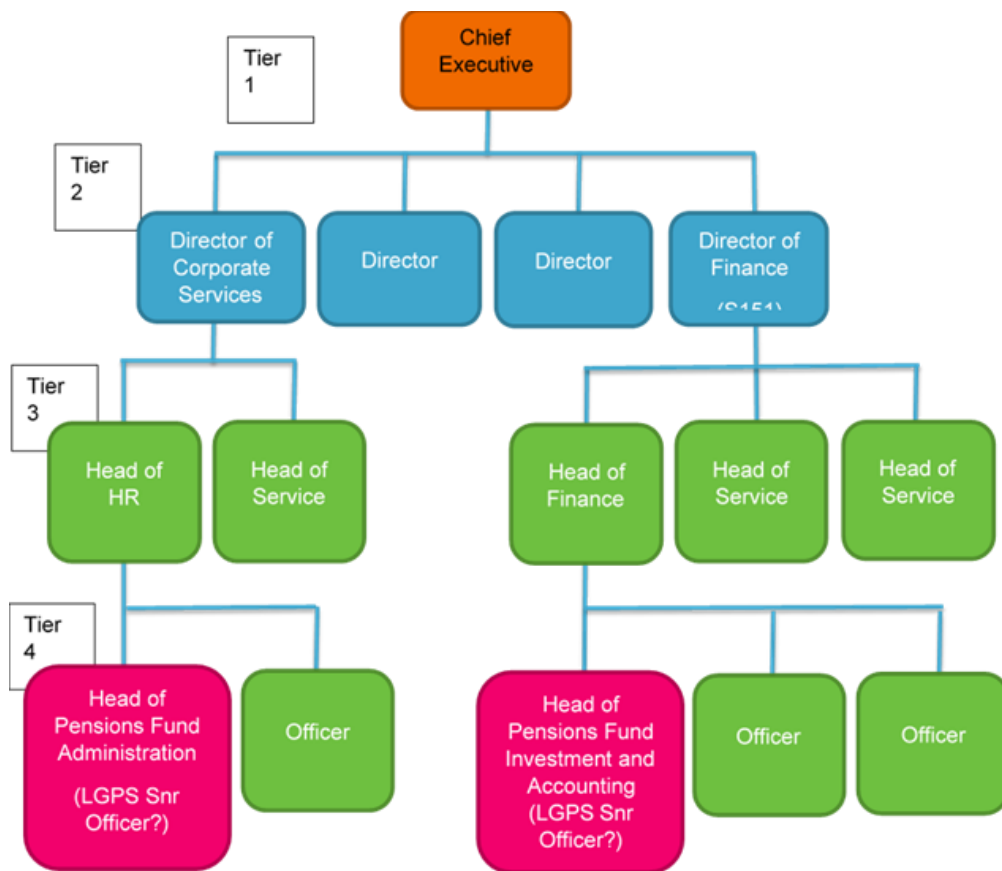
Under this structure the Head of Pensions is a Tier 3 officer reporting to the S151 officer.

Example 4



Under this structure the Head of Pensions sits at tier 4 with a reporting line that runs through the Head of Finance, Director of Resources (s151) and to the Chief Executive. As long as the reporting lines are clear and there is sufficient support for the Head of Pensions from senior officers this structure may provide an appropriate level of seniority and capacity for the Senior officer. However, some members of the working group expressed the view that in order to manage the scope and exert the required influence, the LGPS Senior Officer role should be held by an individual no lower than Tier 3.

Example 5



In this structure it becomes difficult to identify where the LGPS Snr officer should sit. While the investment and accounting functions sit within the function at tier 4, the administration of the fund is delivered by a fourth tier officer in the corporate services directorate who reports to the Head of HR. such an arrangement makes it difficult to for any one person to have full sight of all LGPS functions. Separate reporting lines in this fashion militate against a joined strategy and decision making for the fund.

## Appendix 2 - Governance compliance statement

The following is an example of a governance compliance statement. It is recognised that under the current LGPS regulations, administering authorities must prepare, publish and maintain a statement on the following matters;

- (a) whether the authority delegates its functions, or part of its functions under the LGPS regulations to a committee, a sub-committee or an officer of the authority;
- (b) if the authority does so-
  - (i) the terms, structure and operational procedures of the delegation,
  - (ii) the frequency of any committee or sub-committee meetings,
  - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
- (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and
- (d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards: establishment).

These matters should continue to form part of each administering authority's governance compliance statement.

It is recommended that the new governance compliance statement incorporates the existing requirements alongside the recommendations arising from this review.

### A Conflicts of interest

#### A1. Conflicts of Interest Policy

The Fund has published a conflict of interest policy which sets out:

- How it identifies potential conflicts of interest (including those set out in recommendation B1)
- How it ensures that understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- That the policy applies to officers, elected members, members of the local pension board and advisers and contractors;
- Systems, controls and processes for managing and mitigating conflicts of interest effectively;
- How it reviews the effectiveness of its conflict of interest policy and updates it as required;
- How it embeds a culture which supports the management and mitigation of conflicts of interest.

The Governance Compliance Statement includes a link to this policy.



## A2. Conflicts of Interest Process

The fund embeds the management of conflicts of interest into its everyday processes. This includes:

- Providing regular training to members of the pension committee, pension board and officers on identifying and managing potential conflicts of interest;
- Ensuring a record is kept of situations where the Conflict of Interest Policy has been applied to mitigate or manage a potential conflict situation;
- Ensuring that a declaration of interests forms part of the agenda for all pension committee and pension board meetings and that an annual declaration of interests is completed;
- Ensuring actual and potential conflicts of interest are considered during procurement processes; and
- Ensuring that conflicts of interest form part of the Fund's suite of policies for example the Funding Strategy Statement and Administration Strategy.

## A3. The Council as administering authority and employer

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest. It is important that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all of the Fund's employers and scheme members are treated fairly and equitably.

The Fund achieves this in the following ways:

- The Funding Strategy Statement sets out the Fund's approach to all funding related matters including the setting of contribution rates. This policy is set with regard to the advice of the Fund actuary and is opened to consultation with all Fund employers before being formally adopted by the Pension Committee. The approach to contribution setting is based on specific employer characteristics such as its time horizon, strength of covenant and risk profile. This approach ensures a consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.
- The Fund also has an admissions policy which details its approach to admitting new employers to the Fund. This includes its approach to the use of guarantors, bonds and the setting of a fixed contribution rate for some employers. This policy, in conjunction with the Funding Strategy Statement, ensures a consistent approach when new employers are admitted in to the Fund.
- The Fund's administration strategy sets out the way in which the Fund works with its employers and the mutual service standards that are expected. The policy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations. On occasions where an employer's failure to comply with required processes and standards has led to the Fund incurring additional cost, the policy also provides for that cost to be recovered from the employer in question. This policy has been opened to consultation with all the Fund's employers and is operated in a consistent fashion across all of the employer base.
- The pension fund is run for the benefit of its members and on behalf of all its employers. It is important therefore that the Fund's budget is set and managed separately from the expenditure of the Council. Decisions regarding pension fund resource are taken to the Pension Committee who then make recommendation to the S151 officer.

## **B Clarity of Roles and Responsibilities**

### **B.1 Clear decision making**

The Council's constitution and scheme of delegation set out the terms of reference for the Pension Committee.

The Pension Board's terms of reference and the membership and terms of reference for any sub-committees are also published.

The scheme of delegation is supported by:

- clearly documented role and responsibilities for the LGPS Senior Officer, S151 and pension fund officers / Head of Pension Fund; and
- a decision matrix which sets out the key decisions that are required to be made in the management of the Fund and the role that the main decision makers have in those decisions. The matrix sets out when an individual or body is responsible for a decision, accountable for a decision or where they must be consulted or informed of a decision.

On a regular basis the Fund's business processes are referenced against the decision matrix, to ensure that they properly reflect the correct responsibility and accountability.

The terms of references for the Committee & Board are publicly available and should be reviewed on a regular basis.

## **C Sufficiency of resources for service planning and delivery**

In order to ensure that the Fund has the appropriate resource to deliver its statutory obligations it has adopted a 3 stage approach.

### **C.1 Business planning and budget setting**

The Fund operates a 3 year business plan which sets out the priorities for the Fund's services. It is comprehensively reviewed, updated and agreed by the Pension Committee before the start of each financial year. If necessary, the plan is reviewed and updated on a more frequent basis. The business plan is publicly available.

The business plan takes into account the risks facing the Fund, performance of the Fund (including backlogs of work) and anticipated regulatory changes.

The business plan also includes the Fund's budget. Resource requirements (including staff recruitment, procurement and other specialist services) are determined by the requirements of the Fund's business plan.

The business plan also sets out the Key Performance Indicators (KPIs) which will be used to monitor progress against the business plan.

Progress against the business plan, including actual spend, is monitored by the Pension Committee on a regular basis and published in the Fund's annual report and accounts.

### **C.2 Service delivery**

The Fund publishes an administration strategy which sets out how it will deliver the administration of the Scheme. The strategy includes:

- details of the structures and processes in place for the delivery of the pension administration function;
- expected levels of performance for the delivery of key Fund and employer functions;
- the Fund's approach to training and development of staff;

- the Fund's approach to the use of technology in pension administration.

### C.3 Monitoring delivery and Control environment

The Fund recognises the importance of monitoring and reporting how it delivers progress against the business plan. This is done on the following ways:

- Performance against KPIs is reported to the Pension Committee and Pension Board on a regular and agreed basis. KPI performance is reported in the Fund's annual report. Plans to address any backlogs added to business planning process above-
- Every year the Fund's internal auditors carry out reviews to provide assurance that the Fund's processes and systems are appropriate for managing risks. The areas for review are agreed in advance with the Pension Committee and findings are reported to them.
- This year the internal audit also included an assessment of the Fund's performance against the requirements of The Pension Regulator's Code of Practice 14. The assessment recognised that the Fund is fully compliant in most areas but did make a number of suggestions about how the Fund could improve its internal controls for managing data. These suggestions have been adopted into the Fund's data improvement plan.
- Last year the Pension Board assisted the committee by undertaking an independent review of the sufficiency and appropriateness of the Fund's governance and operational resources. The review found that the Fund was for the most part properly resourced although the use of regular staff to tackle a backlog of aggregation cases was causing the backlog project to fall behind and having an adverse impact on business as usual. The review suggested procuring additional temporary resource in order to address the backlog issue.
- The Fund also participates in national benchmarking exercises which provides information on how costs, resource levels and quality of service compare with other LGPS funds and private sector schemes. The benchmarking did not identify any significant areas of concern.

### D. Representation and engagement

The Fund has published a Policy on representation and engagement.

#### D.1 Representation on the main decision making body

The policy recognises all scheme members and employers should be appropriately represented in the running in the Fund while at the same time ensuring that the Council, as the body with ultimate responsibility for running the Fund, maintains a majority position on the key governance bodies. To this end the Fund's representation policy and the Council's constitution specify that the Council shall maintain a majority of voting members on the Pension Committee. The present Pension Committee is constituted as follows;

**Pensions Committee – Membership and Meeting Attendance (Governance KPIs 1 and 2)**

	Administering Authority / Employer / Member representative / Other	Meeting Date				Attendance (%)
		MM/YY	MM/YY	MM/YY	MM/YY	
<b>Voting Members</b>						
Cllr A (chair)	Administering Authority	Y	N	Y	Y	75%
Cllr B (vice-chair)	Administering Authority	Y	Y	Y	Y	100%
Cllr C	Administering Authority	Y	N	Y	Y	75%
Cllr D	Administering Authority	N	Y	Y	N	50%
Cllr E	Administering Authority	Y	Y	Y	Y	100%
<b>F</b>	Employer representative	Y	Y	N	Y	75%
<b>G</b>	Member representative	N	Y	Y	Y	75%
Vacancy		N	N	N	N	0%
Average attendance (including vacancies) %						78%
Average attendance (excluding vacancies) %						69%
Proportion of voting members not from the Administering Authority						2 out of 7 (28%)
<b>Non-Voting Members</b>						
<b>H</b>	Member representative	Y	Y	Y	N	75%
<b>I</b>	Member representative	Y	Y	Y	Y	100%

**D.2 Membership of the Local Pension Board**

The Local Pension Board is constituted as follows;

- 4 employer representatives comprising;
  - 2 elected members of the Council
  - 1 elected member of the District Council
  - 1 member representing all other employers
- 4 scheme member representatives comprising;
  - 1 member appointed by trade unions
  - 3 members representing active, deferred and pensioner Scheme members (to be appointed by an open election process)
- 1 independent chair

With the exception of the Chair, all members are full voting members.

The Pension Board has an independent adviser.

**D.3 Engagement with employers**

The Fund carries out a range of activities that are designed to engage employers. These are set out within the Fund's Communication strategy and include:

- An Annual Employer Forum which provides an opportunity for employers to receive an update on the performance of the Fund, provide feedback on the service and receive updates on the LGPS and related issues;

- The Fund engages and consults with employers during the actuarial valuation and specifically on key strategies such as the Funding Strategy Statement;
- A quarterly employer newsletter provides update on technical changes, process reminders and a calendar of key upcoming dates;
- Training sessions which can be provided on request covering the main areas of employer responsibility, for example year end returns, processing ill health cases and internal dispute resolution procedures; and
- The Fund is available to provide support on issues such as outsourcing services or workforce restructuring.

#### **D.4 Engagement with members**

The Fund's Communication Strategy sets out how it engages with active, deferred and pensioner scheme members including:

- The Fund maintains a website which provides general advice, information and updates including copies of all current policies.
- Members have secure online access to their own pension records in order to run retirement estimates.
- Member's annual benefit statements are available online or in writing (including large text) on request.
- Scheme members are able to arrange one to one appointments, by phone or at our offices, with members of the pension team to discuss specific matters.

### **E. Training**

#### **E.1 Training Strategy**

The Fund has adopted a training strategy which establishes how members of the Pension Committee, Pension Board and Fund officers will attain the knowledge and understanding they need to be effective and to challenge and act effectively within the decision making responsibility placed upon them. The training strategy sets out how those involved with the Fund will:

- Have their knowledge assessed; and
- Receive appropriate training to fill any knowledge gaps identified.

The Fund will measure and report on progress against the training plans.

#### **E.2 Evidencing standards of training**

Details of the training undertaken by members of the Pension Committee and Pension Board are reported in the Fund's annual report and in this statement.

Committee and Board members' subject knowledge is assessed on an annual basis. The results are analysed and any gaps identified are addressed as part of the ongoing training plans.

Targeted training will also be provided that is timely and directly relevant to the Pension Committee and Board's activities as set out in the business plan.

Officers involved in the management and administration of the Fund are set annual objectives which will include an element of personal development. These objectives are monitored as part of each individual's annual appraisal.

The CIPFA requirement for continuous professional development for s151 officers now includes a regular LGPS element. This requirement applies to the s151 officer for the Council as well as the district and borough councils within the Fund. The fund has complied fully with this requirement.

#### Pensions Committee – Training for Financial Year YYYY/YY

Training Completed (hours)	Subject				Total (hours)	
	Governance	Investment	Pensions Administration	Other (specify)		
<b>Pensions Committee</b>						
Cllr A (chair)	2	5	1	1	9	
Cllr B (vice-chair)	2	4	1	1	8	
Cllr C	4	5	2	2	13	
Cllr D						
Cllr E						
<b>F</b>						
<b>G</b>						
Vacancy						
<b>Sub-Total</b>					<b>130</b>	
<b>Pensions Board</b>						
R (chair)	2	5	1	1	9	
S (vice-chair)	2	4	1	1	8	
T	4	5	2	2	13	
U						
V						
<b>W</b>						
<b>X</b>						
<b>Sub-Total</b>					<b>100</b>	
<b>Officers</b>						
LGPS Senior Officer	6	8	3	4	9	
<b>X</b>						
<b>Y</b>						
<b>Z</b>						

## Appendix 3 - KPI Reporting

This appendix includes example tables for reporting committee structure and training KPIs.

### Pensions Committee – Membership and Meeting Attendance (Governance KPIs 1 and 2)

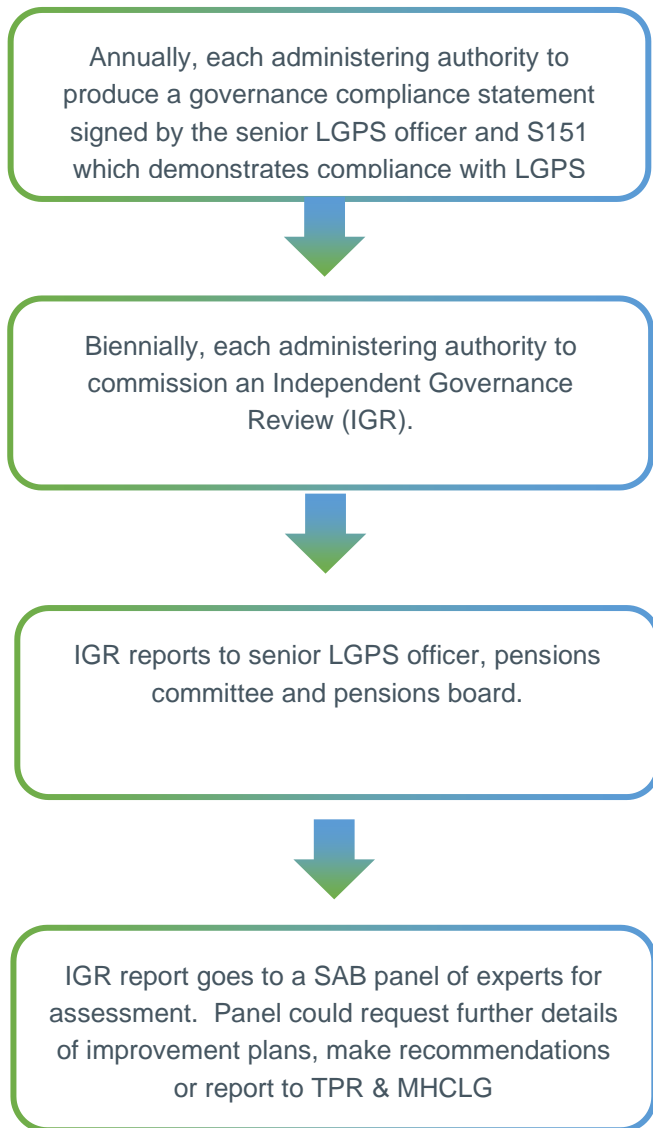
	Administering Authority / Employer / Member representative / Other	Meeting Date				Attendance (%)
		MM/YY	MM/YY	MM/YY	MM/YY	
<b>Voting Members</b>						
Cllr A (chair)	Administering Authority	Y	N	Y	Y	75%
Cllr B (vice-chair)	Administering Authority	Y	Y	Y	Y	100%
Cllr C	Administering Authority	Y	N	Y	Y	75%
Cllr D	Administering Authority	N	Y	Y	N	50%
Cllr E	Administering Authority	Y	Y	Y	Y	100%
<b>F</b>	Employer representative	Y	Y	N	Y	75%
<b>G</b>	Member representative	N	Y	Y	Y	75%
Vacancy		N	N	N	N	0%
Average attendance (including vacancies) %						78%
Average attendance (excluding vacancies) %						69%
Proportion of voting members not from the Administering Authority						2 out of 7 (28%)
<b>Non-Voting Members</b>						
<b>H</b>	Member representative	Y	Y	Y	N	75%
<b>I</b>	Member representative	Y	Y	Y	Y	100%

## Pensions Committee – Meeting Content (Governance KPI 7)

			Meeting Date				Number of times item considered
			MM/YY	MM/YY	MM/YY	MM/YY	
Meeting duration (hours)			3.0	2.5	4.0	2.5	
<b>Governance</b>							
	Declaration of Conflicts of Interest		X	X	X	X	4
	Policies/Strategies			X	X		2
	Business Planning					X	1
	Budget setting					X	1
	Annual report and accounts			X			1
	Governance Compliance Statement			X			1
	Audit matters (internal/external)		X	X	X		3
	Risk Register		X	X	X	X	4
	Business Continuity			X			1
	Data Security				X		1
	Breaches		X	X	X	X	4
	Regulatory Update			X		X	2
	Update from Pension Board		X				1
	Pool Governance issues			X		X	2
	Review of Effectiveness		X				1
	Training		X		X		2
	Other [to be specified]						
<b>Funding</b>							
	Actuarial Valuations		X	X			2
	Funding Strategy Statement		X	X			2
	Interim Funding Update				X	X	2
	Other [to be specified]						
<b>Investment</b>							
	Strategy review				X		
	Policies/Strategy (Investment Strategy Statement, Responsible Investment)				X	X	
	Strategy implementation - Asset Pooling - Investment manager appointments		X		X	X	3
	Monitoring of investments - Market update - Investment managers - Performance		X	X	X	X	4
	Other [to be specified]						
<b>Pensions Administration</b>							
	Administration Strategy					X	1
	Communications Strategy						0
	Performance Indicators		X	X	X	X	4
	Updates on Projects			X		X	2
	Other [to be specified]						



## Appendix 4 - Summary of the Independent Governance Review



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## Good Governance review

Recommendation	MHCLG actions	Other bodies actions	SAB dependent actions	SAB immediate actions	WPF current position	WPF Actions
<p><b>A.1</b> MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”).</p>	<p>Publish statutory guidance (SG) to include requirements set out below using either reg 2(3A) powers or a new regulation in section 3</p>					
<p><b>A.2</b> Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund (“the LGPS senior officer”).</p>	<p>Set requirement in scheme regulations</p>	<p>CIPFA to refer to the role in their guides</p>	<p>Publish a guide to the named officer role</p>	<p>Letter to CIPFA confirming SAB’s recommendation to Minister</p>	<p>Section 151 is the Strategic Director for Resources, Assistant Director - Finance has immediate responsibility for the Fund</p>	<p>Review when regulations amended and guidance issued by SAB</p>

<p><b>A.3</b> Each administering authority must publish an annual governance compliance statement (GCS) that sets out how they comply with the governance requirements for LGPS funds, as per statutory Guidance. This statement must be co-signed by the LGPS senior officer and S151.</p>	<p>Set requirement in Scheme regulations and publish high level statutory guidance</p>		<p>Publish a guide to GCS, including best practice examples</p>		<p>Currently published as part of annual report</p>	<p>Wait for regulations and guidance to be published and review</p>	
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<p><b>B.1</b> Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.</p>	<p>Set requirements in statutory guidance at <b>A.1</b></p>		<p>Publish a guide to Col policies, including best practice examples</p>	<p>Survey AAs to identify extent of conflict of interest policies already in existence</p>	<p>Policy already exists</p>	<p>Review when Statutory guidance issued</p>	
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<p><b>B.2</b> The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB</p>	<p>Request that MHCLG clarify Fiduciary Duty in statutory guidance at <b>A.1</b></p>	<p>CIPFA to make reference in their Knowledge and Understanding framework</p>	<p>Publish guide on statutory and fiduciary duty based on A.1 guidance and further legal advice</p>	<p>Seek further legal advice in co-ordination with Administering Authorities and recommend further action in this area</p>	<p>Training already provided</p>	<p>Provide necessary training when SAB guide and statutory guidance issued</p>	<p>I'm not sure what actions we have taken on this</p>
<p><b>C.1</b> Each fund must produce and publish a policy on the representation of scheme members and non-administering authority</p>	<p>Set requirement in statutory guidance at <b>A.1</b></p>		<p>Publish a guide to representation based on requirements of statutory guidance</p>	<p>Survey AAs for analysis of current representation</p>	<p>Currently no direct representation although a county councillor may also be a district councillor</p>	<p>Wait for statutory guidance and address Respond to survey when issued</p>	

<p>employers on its committees, explaining its approach to voting rights for each party.</p>							
<p><b>D.1</b> Introduce a requirement via the Guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.</p>	<p>Set requirement in statutory guidance at <b>A.1</b></p>	<p>CIPFA to make reference in their Knowledge and Understanding framework</p>	<p>Publish a guide to relevant training including suppliers</p>	<p>Investigate existing training in this area and publish results</p>	<p>National Knowledge Assessment undertaken and areas of training identified</p>	<p>Wait for statutory guidance to be published</p>	
<p><b>D.2</b> Introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to</p>	<p>Set requirement in statutory guidance at <b>A.1</b></p>	<p>CIPFA to make reference in their Knowledge and</p>	<p>Publish a guide to relevant training including suppliers</p>		<p>Section 151 did not take part in NKA (?) or identified for part of training plan</p>	<p>Wait for statutory guidance to be published</p>	

ensure good levels of knowledge and understanding.		Understanding framework					
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<p><b>D.3</b> Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.</p>	<p>Set requirement in statutory guidance at <b>A.1</b></p>		<p>Publish a guide to training plans</p>	<p>Survey AAs for existing training plans and publish for best practice</p>	<p>Training plan in place</p>	<p>Undertaking the creation of a training log Take part in survey when published Review when SG published</p>	
<p><b>D.4</b> CIPFA should be asked to produce appropriate guidance and training modules for s151 officers.</p>		<p>CIPFA to produce appropriate guidance and training</p>		<p>Letter to CIPFA setting out request</p>		<p>Wait for guidance to be published</p>	

<p><b>E.1</b> Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution, and be consistent with</p>	<p>Set requirement in statutory guidance at <b>A.1</b></p>		<p>Publish a guide to Roles and Responsibilities Matrix</p>	<p>Survey and publish existing delegation arrangements in Administering Authorities</p>		<p>Wait for guidance and review</p>	
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role descriptions and business processes.							
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<p><b>E.2</b> Each administering authority must publish an administration strategy.</p>	<p>Set requirement in scheme regulations</p>		<p>Publish a guide to administration strategy</p>	<p>Obtain and publish examples of existing PSAs</p>	<p>Administration Strategy in place and reviewed</p>	<p>Review when regulations and guidance issued</p>	
<p><b>E.3</b> Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service</p>	<p>Set requirement in scheme regulations or statutory guidance</p>	<p>CIPFA to include in AR&amp;A guidance</p>			<p>Fund has published service standards and monitors and reports against them to the Board and Committee</p>	<p>Review when regulations and or guidance issued.</p>	

<p><b>E.4</b> Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.</p>	<p>Set requirement in statutory guidance at <b>A.1</b></p>	<p>CIPFA to publish appropriate guidance</p>		<p>Investigate and publish current arrangements for agreeing pension budget</p>	<p>Business plan shared with committees</p>	<p>Await further guidance and review</p>	
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<p><b>F.1</b> Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.</p>	<p>Set requirement in scheme regulations, and include in high level statutory guidance</p>		<p>Establish panel of experts to review biennial governance reviews</p>	<p>Investigate the work of any similar bodies and consider potential structure and membership</p>	<p>Governance review undertaken and action plan created and progressed to completion</p>	<p>Consideration has already been given to this Review when regulations and SG issued</p>	
<p><b>F.2</b> LGA to consider establishing a peer review process for LGPS Funds.</p>		<p>LGA to consider proposal</p>		<p>Letter to LGA setting out request</p>	<p>WPF undertook an external review of governance in 2019</p>	<p>Wait for further information on this and review</p>	

## Staff and Pensions Committee

### Revised Terms of Reference for the Warwickshire Fire and Rescue Local Pension Board

14 June 2021

#### Recommendation(s)

1. The Staff and Pensions Committee are invited to review and comment on the updated Terms of Reference for the Warwickshire Fire and Rescue Local Pension Board before forwarding to the Council for approval.

#### 1. Executive Summary

- 1.1 At its meeting of 4<sup>th</sup> March 2021, the Warwickshire Fire and Rescue Local Pension Board (the Local Pension Board) reviewed and commented upon their proposed updated Terms of Reference (Appendix A)
- 1.2 Item 4 below, details the relevant amendments.

#### 2. Financial Implications

- 2.1 None.

#### 3. Environmental Implications

- 3.1 None.

#### 4. Supporting Information

- 4.1 The Local Pension Board operates within defined terms of reference that were put in place when the Local Pension Board was formed in 2015. The key changes to the document are highlighted in the table below:

Section	Change
3.9	Protocol introduced for employer representatives ceasing to hold office.
3.10	Protocol introduced for identifying and selecting employer and member representatives.
4.2	Protocol introduced for chairing the board if the Chair is not in attendance
7.	Additional clarification around roles of officers and advisers
9.1	Meeting frequency updated to quarterly
9.2	Annual schedule of meetings must now include a forward plan of future agenda

	items
9.4	Protocol introduced for meeting location and timing
9.5	Protocol introduced for exempt / confidential reports
9.6	Protocol introduced for calling special meetings
11.2	Code of conduct updated in respect of County Councillor responsibilities
15.3	Reference for added training costs
15.4	Protocol introduced for claiming expenses
15.5	Protocol introduced for setting budget for Board costs
16	Scope of the reporting breaches section broadened to encompass breaches or wider concerns, including specification for reporting to the Scheme Administrator, pension fund committees and scheme members and employers

## 5. Timescales associated with the decision and next steps

- 5.1 Following the meeting the Staff and Pensions Committee will refer the Terms of Reference for the Local Pension Board to the Council at its next available meeting.

### Appendices

1. Appendix 1; Terms of Reference for the Warwickshire Fire and Rescue Local Pension Board.

### Background Papers

1. None.

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The report was circulated to the following members prior to publication:

Local Member(s): None

Other members: Will need to fill this in after the chair and vice-chair of SPC have been elected in May



**Terms of Reference for the  
Warwickshire Fire and Rescue Local Pension Board of the Firefighters'  
Pension Scheme**

**1) Introduction**

- 1.1 The Public Services Pensions Act 2013 (the '2013 Act') requires the establishment of a Pension Board with responsibility for assisting the Scheme Manager in securing compliance with all relevant pensions laws, regulations and directions and the Pension Regulator's Codes of Practice.
- 1.2 This document sets out the terms of reference for the new Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme (Warwickshire) (the 'Pension Board').

**2) Role and Responsibilities of the Pension Board**

- 2.1 The role of the Pension Board as defined by The Firefighters' Pension Scheme (amendment) (Governance) Regulations 2015 (the 'Regulations') is to -

2.1.1 Assist the Scheme Manager -

- (a) to secure the effective and efficient governance and administration of the Firefighters' Pension Scheme ("FFPS") by effectively and efficiently complying with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator;
- (b) to secure compliance with the Regulations and any other legislation relating to the governance and administration of the FFPS;
- (c) to secure compliance with requirements imposed in relation to the FFPS by the Pensions Regulator; and
- (d) in such other matters as the Regulations may specify

2.1.2 Provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest;

2.1.3 Produce an annual report to the Scheme Manager outlining the work of the Pension Board throughout the scheme year.

- 2.2 The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.
- 2.3 The Pension Board will not have decision making powers in relation to the FFPS save as refer issues to the Pension Regulator. It will have the ability to hear

disputes employers may have with the Fund.

### **3) Membership**

- 3.1 The membership of the Pension Board shall consist of seven (7) members each to include -
  - a. Scheme Member Representatives x 3
  - b. Employer Representatives x 3
  - c. Independent Representative x 1
- 3.2 Scheme Member and Employer Representatives to remain equal at all times.
- 3.3 Scheme Member Representatives nominated by Scheme employers to ensure a broad representation of scheme membership - for example to include deferred and pension representation.
- 3.4 In compliance with section 4.B(3) of the Regulations, elected members or officers of Warwickshire County Council with delegated authority for discharging the scheme manager function may not serve as employer representatives.
- 3.5 Independent Representatives shall comprise one individual to be appointed by the Scheme Manager following a recruitment and selection process involving role specification, application form, shortlisting and interviews accordance with current Warwickshire County Council's policies and procedures.
- 3.6 The Chair of the Pension Board shall be the Independent Representative. It will be the role of the Chair to ensure that all members of the Pension Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.
- 3.7 Attendance is expected of Board members at all meetings; due to the specialist nature of the work, due to the specialist nature of the work, no substitution is allowed.
- 3.8 In the event of consistent non-attendance, or failure to achieve and maintain the required level of knowledge and skills by any Board member, then the tenure of that member should be reviewed by the Chair in liaison with the Scheme Manager. The Scheme Manager will have the final decision on whether to remove the Board member.

3.9 Other than by ceasing to be eligible as set out above, a Board member may only be removed from office during a term of appointment by the Scheme Manager:

1. in consultation with the Board members
2. or in the case of an Elected Member of Warwickshire County Council acting as a Board Member, ceasing to hold office, as an Elected Member.
3. In the case of an officer of Warwickshire County Council acting as an Employer Representative, ceasing to hold that office.

3.10 The Scheme Administrator will be responsible for identifying and evaluating employer representatives and scheme members from the membership. The Scheme Administrator, after consulting with the Chair of the Board, may determine and undertake an evaluation process to ensure that potential new Board members understand and are able to undertake the role.

#### **4) Quorum**

4.1 Three (3) members of the Pension Board will represent a quorum for Pension Board meetings to go ahead.

4.2 In the absence of the Chair of the Board at a meeting, the meeting may be chaired by a senior officer of the Scheme Administrator. Officers may not chair the meeting whilst presenting agenda items.

#### **5) Conflicts of Interest**

5.1 The 2013 Act requires that members of the Pension Board do not have conflicts of interest. As such all members of the Pension Board will be required to declare any interests and any potential conflicts of interests in line with legal requirements in the Act and the Pension Regulator's Code. These declarations are required as part of the appointment process, as well as at regular intervals throughout a member's tenure to the Scheme Manager's satisfaction.

5.2 A Conflicts of Interest policy with which members of the Pension Board must comply is included at Annex A to these Terms of Reference.

## **6) Board Review Process**

- 6.1 The Pension Board will undertake each year a formal review process to assess how well it and the members are performing with a view to seeking continuous improvement in the Board's performance.

## **7) Advisers to the Board**

- 7.1 The Pension Board may be supported in its role and responsibilities through the appointment of advisers and shall (subject to any applicable regulation and legislation from time to time in force) consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including -

- a. the Service's Administration Manager,
- b. the Service's Legal Adviser,
- c. the Service's Section 151 Officer; and
- d. other advisers so approved by the Scheme Manager.

- 7.2 This will be done on an 'as required' basis; any advisor attending a Board meeting is not a Board member and does not have a vote. If required, sub-groups may be established to assist the Board. The Terms of Reference for sub-groups will be set by the Board in consultation with the Scheme Manager.

- 7.3 The advisers shall support the Pension Board in delivering the Board's responsibilities by:

- a. providing advice as requested by the Board;
- b. having regard to the need effectively and efficiently comply with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator;
- c. having regard for the need to secure compliance with the FFPS regulations and any other legislation relating to the governance and administration of the FFPS
- d. notifying the Board of any matter which they decide the Board may need to know to carry out its responsibilities; and
- e. providing the Board with access to information as required.

## **8) Knowledge and Skills**

- 8.1 Members of the Pension Board must have full capacity to act and will be expected to have good sound knowledge of the FFPS rules and administration, pension

law and regulations.

- 8.2 The performance of Board members will be assessed on a periodic basis by the Scheme Manager to ensure that all members are adequately meeting their duties. Poor performance will result in corrective action being taken, and in exceptional circumstances the removal of the Board member.
- 8.3 Pension Board members must be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Board members are therefore required to maintain a written record of relevant training and development.
- 8.4 Pension Board members will comply with the Scheme Manager's training policies.
- 8.5 Board members will undertake a personal training needs analysis undertaken on behalf of the Scheme Manager and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- 8.6 The performance of Board members will be assessed on a periodic basis to ensure that all Board members are adequately meeting their duties. Poor performance will result in corrective action being taken, and in exceptional circumstances the removal of the Board member.

## **9) Board Meetings**

- 9.1 The Pension Board will meet quarterly.
- 9.2 The Scheme Manager will undertake the committee secretariat functions for the Board and will ensure that:
  - a. facilities are available to hold meetings;
  - b. an annual schedule of meetings and forward plan of agenda items is organised and shared with members;
  - c. suitable arrangements are in place to hold additional meetings if requiring - ensuring adequate notice;
  - d. papers are distributed at least 5 clear working days before each meeting except for exceptional circumstances;
  - e. a formal record of Pension Board meetings is maintained; and
  - f. following the approval of the minutes by the Chair, they are circulated to all Board members.
- 9.3 Meetings will be open for Scheme members and employers to observe.
- 9.4 Board meetings may be held at the Scheme Manager offices in Warwick, or remotely, with the specific location or meeting method published with the agenda.

Meetings will be held during normal office hours.

- 9.5 Agenda items will normally be public papers. However, an agenda item may meet the criteria to be exempt from publication and be heard in private session. Reports must meet the County Council's standards for being made exempt. Board members must maintain the confidentiality of exempt reports and discussions.
- 9.6 Additional special meetings of the Board may be convened at the request of the Scheme Administrator or by the Board through a majority vote.

## **10) Remit of the Board**

- 10.1 The key priority for the Board is to focus on the administrative performance of the Fund, including the roles and responsibilities outlined in section 2 of these Terms of Reference.

## **11) Standards of Conduct**

- 11.1 The role of Pension Board members requires the highest standards of conduct and the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct. These are:
- a. Selflessness;
  - b. Integrity;
  - c. Objectivity;
  - d. Accountability;
  - e. Openness;
  - f. Honesty; and
  - g. Leadership.

- 11.2 Any elected Member scheme representative is also responsible for adhering to the County Council Member code of conduct.

## **12) Decision Making**

- 12.1 The Pension Board is expected to operate on a consensus basis; however each Scheme Member Representative and Employer Representative member will have individual voting rights. Independent Members shall have no voting rights. In the event that consensus cannot be reached, a vote will be taken. The Chair should report to the Scheme Manager when a decision is reached in this manner.

### **13) Publication of Pension Board information**

13.1 Scheme members and other interested parties will want to know that the Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with Scheme regulations, the governance and administration of the Scheme and requirements of the Pension Regulator.

13.2 Up-to-date information will be posted on the Scheme Manager's website showing:

- a. The names of the Pension Board members;
- b. How the Scheme members are represented on the Pension Board;
- c. The responsibilities of the Pension Board as a whole;
- d. The full terms of reference and policies of the Pension Board and how they operate;
- e. The Pension Board appointment process;
- f. Who each individual Pension Board member represent; and
- g. Any specific roles and responsibilities of individual Pension Board members.

13.3 The Pension Board papers, agendas and minutes of meetings will be published on the Fund website. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

13.4 The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

### **14) Accountability**

14.1 The Pension Board will be collectively, and members individually, accountable to the Scheme Manager. The Board will also be given the opportunity to present its findings at the Fund's annual meeting.

14.2 The expenses of the Board will be collectively, and members individually,

accountable to the Scheme Manager.

## **15) Remuneration**

15.1 Remuneration for Pension Board members will be limited to a refund of actual expenses incurred in attending Board meetings. The Chair remuneration will be agreed on appointment and reviewed every three (3) years.

15.2 The expenses of the Pension Board are to be regarded as part of administration costs.

15.3 Training and associated costs will be met by the Scheme Manager.

15.4 Any costs / expenses must be claimed within three months of being incurred.

15.5 The Scheme Manager will set a budget each year for the Board costs including expenses, remuneration, training, professional advice, and costs incidental to conducting the business of the Board.

## **16) Tenure**

16.1 Tenure period for Board members will be for a three (3) year period on a rolling appointment basis - up to a maximum of nine (9) years.

16.2 The term of office for the Chair will also be for a three (3) year period at which point it will be the decision of the Scheme Manager to confirm reappointments.

16.3 Resignation of Board members will be documented in writing to the Chair. A suitable notice period must be given which is no less than one (1) month.

## **17) Reporting Breaches**

17.1 Any breach brought to the attention of the Pension Board whether potential or



actual shall be dealt with in accordance with the procedure set out in a separate policy document.

17.2 The Board may report concerns to the Scheme Administrator and may report concerns to decision making pension committees.

17.3 Breaches and concerns will be documented and made available with the published Board papers, except where a report is exempt.

## 18) Review

18.1 These Terms of Reference may be reviewed and amended at any time by the Scheme Manager in consultation with the Board, and any changes communicated to the Pension Board in advance of the next Board meeting.

## 19) Definitions

19.1 The following terms shall have the following meaning when used in this document:

*"Pension Board" or "Board"* Means the local Warwickshire Fire and Rescue Pension Board for the administering authority for the Warwickshire Pension Fund as required under the Public Service Pensions Act 2013.

*"Scheme"* Means Warwickshire County Council

*"Manager" "Chair"* Reference to duties to be performed, or authorities exercised, by the Chair.

*"FFPS"* Means the Fire fighters Pension Scheme as constituted by the Firefighters Pension Scheme (Amendment) (Governance) Regulations 2015.

*"Scheme"* Means the Fire Fighters Pension Scheme.

## 20) Interpretation

20.1 Any uncertainty or ambiguity or interpretation required relating to any matters contained in these Terms of Reference shall be resolved by reference to the Scheme Manager.

**Annex A to  
Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension  
Scheme**

**Conflicts of Interest Policy**

**Introduction**

The Public Sector Pensions Act 2013 requires that members of the Local Pension Board (the Board) do not have conflicts of interests. As such all Board Members (Members) will be required to declare any interests and any potential conflicts of interests in line with legal requirements in the Act and the Pension Regulator's code. These declarations are required as part of the appointment process, as well as regular intervals throughout a Member's tenure to the Scheme Manager's satisfaction.

**Conflict of Interests - General Principles**

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. The basic principle in relation to conflicts of interest can be found in the High Court case of *Re Thompson's Settlement* [1986] where the Court held that:

*'...a man must not put himself in a position where duty and [personal] interest conflict or where his duty to one conflicts with his duty to another unless expressly authorised'*

Conflicts of interest may arise for Members and their advisers. This simply reflects the fact that individual Members and their advisers will have a variety of other roles and responsibilities outside the Board.

Members and their advisers must be able to identify potential conflicts of interest and have procedures in place to manage them. This document outlines the procedure the Members have adopted to do this.

**Procedure**

For this procedure to work the Members have agreed that they must:

- declare any actual or potential conflict of interest they may have;
- be open with each other on any conflicts of interest they may have;
- provide information reasonably requested to assess whether there is any actual or potential conflict of interest;
- adopt practical solutions; and
- plan ahead and agree on how they will manage any conflicts of interest which arise.

With these objectives in mind the Members have adopted the following procedure:

1. Maintaining a register of Members' interests which could give rise to a conflict.
2. Maintaining a register of interests which could give rise to a conflict covering the Members' advisers.
3. Each Member and adviser will sign an annual return confirming that their information contained in the register of interests is correct. The updated register will then be

circulated to all Members and the Scheme Manager. These two events will be added to the Members' calendar of events distributed with each set of Member meeting papers.

4. The Board's Administration Manager is to identify any potential or actual conflicts of interest and to advise the Chair. The Chair in conjunction with the Scheme Manager is to decide on the action required and to advise the Members of any actions taken.
5. Any Member who feels that they, another Member or adviser has a conflict of interest must seek early advice from the Administration Manager.
6. Any member or advisor must withdraw from a Board meeting if they have a conflict of interest. The conflict of interest and the action taken must be recorded in the minutes.
7. If a conflict is identified outside of a Board meeting the Chair shall consult with the other Members prior to making a decision. The conflict of interest and the action taken must be recorded.

### **Management of confidential information**

With regard to Members sharing confidential information received by them in their capacity as a Board Member with other parties, it is important to remember that each Member has a fundamental responsibility to act on behalf of the Board and this duty should not be compromised by acting on behalf of other groups.

### **Advisors**

There may be circumstances where advisors are asked to give advice to the Board but this can only happen where there is no conflict of interest. All of the Board's advisors have a professional responsibility to advise the Members if any circumstances arise in which they feel they are conflicted. These responsibilities and guidelines for dealing with actual or potential conflicts of interest are covered by rules of their respective professional bodies.

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## Staff and Pensions Committee

### Review of the Pension Fund's Breaches Policy

14 June 2021

#### **Recommendation(s)**

1. That the Staff and Pensions Committee note and comment on the report.

#### **1. Executive Summary**

- 1.1 The Pension Regulator sets out in Code of Practice 14 the legal requirements for reporting breaches of the law.
- 1.2 The code sets out those people who have a responsibility to report a breach where they believe there is reasonable cause that the legal duty which is relevant to the administration of the pension scheme has not been or is not being complied with and, failure to comply is likely to have a significant failure in the exercise of the scheme's functions.
- 1.3 The attached policy (Appendix 1) provides more details about the reporting function.

#### **2. Financial Implications**

- 2.1 The Pension Regulator can impose significant fines for major breaches of the law.

#### **3. Environmental Implications**

- 3.1 None.

#### **4. Supporting Information**

- 4.1 Following a review of the procedures as to how the administration team deal with a breach of the law the policy has been reviewed and amended to reflect this. The policy explains:
  - What is a breach and how to classify the breach within a Red, Amber, Green (RAG) assessment,
  - Provides examples of breaches, and
  - Escalation and reporting of a breach.

- 4.2 To support the changes to the procedure for classifying and reporting breaches, the administration team is providing training for all members of the administration and fund teams.
- 4.3 The Fund's Administration Strategy has been updated and is attached Appendix 2. The update is highlighted on page 10.
- 4.4 The Administration Strategy has also been amended on page 3 to reflect the collection of data from Scheme Employers by *i-connect*.

## 5. Timescales associated with the decision and next steps

- 5.1 Following this meeting the Policy and Administration Strategy will be uploaded to the Fund's website.

## Appendices

- 1. Appendix 1 Breaches Policy
- 2. Appendix 2 Administration Strategy

## Background Papers

None

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The report was circulated to the following members prior to publication:

Local Member(s): None

Other members: n/a

# A procedure for reporting breaches of the law to The Pensions Regulator

# WARWICKSHIRE

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# pension fund



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## Introduction

- 1 In April 2015 the Pensions Regulator (the Regulator) publishes its Code of Practice no 14 (the Code) Governance and administration of public service pension schemes. This is not a statement of law of itself but nonetheless it carries great weight. In some respects, it is like the Highway Code, in that some of its contents refer to statutory items, whilst others are advisory. The Courts may however also rely on the latter. In the same way, if determining whether any pensions related legal requirements have been met, a court or tribunal must consider the Code.
- 2 There are many and various laws relating to the Local Government Pension Scheme, with many and various people having a statutory duty to report material breaches of the law to the Regulator. To assist, the Code states that a procedure should be established to ensure that those with a responsibility to make reports are able to meet their legal obligations. This document is that procedure, which relates to all the Fund's areas of operation.
- 3 Much of the text herein is drawn from the Code itself. Where it has been, the Regulator's copyright applies.
- 4 If you have any questions about this procedure and:
  - you are a member of the Staff and Pensions Committee, Investment Sub-committee, Local Pension Board or you are an external adviser, please contact the Solicitor to the Fund; you are an actuary, auditor or other external agent, please contact the Pension Services Manager and Legal;
  - you represent an employer, please contact the Pensions Services Manager
  - you are an officer of the Fund, and you work in Administration, please contact Compliance and Training. Otherwise please contact your Team Leader or Pension Services Manager.

## Legal Requirements

- 5 Certain people are required to report breaches of the law to the Regulator where they have reasonable cause to believe that:
  - a legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with.
  - the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.

- 6 People who are subject to the reporting requirement ('reporters') for public service pension schemes are:
- scheme managers (meaning, in the case of the Warwickshire Pension Fund, the Staff and Pensions Committee).
  - members of the pension board (meaning, in the case of the WPF, the Local Pension Board).
  - any person who is otherwise involved in the administration of the Fund (and thus members of the Investment Sub-Committee and all the Fund's officers).
  - employers, and any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach relates to, or affects, members who are its employees or those of other employers.
  - professional advisers including auditors, actuaries, legal advisers, and fund managers; and
  - any person who is otherwise involved in advising the managers of the scheme in relation to the scheme (and thus the Fund's three external advisers).

## **Reasonable Cause**

- 7 Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.
- 8 Reporters should ensure that where a breach is suspected, they carry out checks to establish whether a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.
- 9 Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to consult the appropriate Pension Services Manager, or Head of Corporate Financial Services, regarding what has happened. It would not be appropriate to check in cases of theft, suspected fraud, or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these

circumstances the reporter should alert the Regulator without delay.

- 10 If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.
- 11 In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the Regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

## **Material significance**

- 12 In deciding whether a breach is likely to be of material significance to the Regulator, it would be advisable for the reporter to consider the:
  - cause of the breach.
  - effect of the breach.
  - reaction to the breach; and
  - the wider implications of the breach.
- 13 When deciding whether to report, those responsible should consider these points together. Reporters should consider expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the Regulator.
- 14 The breach is likely to be of material significance to the Regulator where it was caused by:
  - dishonesty.
  - poor governance or administration.
  - slow or inappropriate decision-making practices.
  - incomplete or inaccurate advice; or
  - acting (or failing to act) in deliberate contravention of the law.
- 15 When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are

aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.

- 16 A breach will not normally be materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable combination of circumstances. But in such a situation, it is also important to consider other aspects of the breach such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.

## Effects of the breach

- 17 Reporters need to consider the effects of any breach, but with the Regulator's role in relation to public service pension schemes and its statutory objectives in mind, the following matters in particular should be considered likely to be of material significance to the Regulator:
- Local Pension Board members not having the appropriate degree of knowledge and understanding, which may result in the Board not fulfilling its role, the Fund not being properly governed and administered and/or the Investment Sub-Committee breaching other legal requirements.
  - Local Pension Board members having a conflict of interest, which may result in them being prejudiced in the way that they carry out their role, ineffective governance, and administration of the scheme and/or the Investment Sub-committee breaching legal requirements.
  - adequate internal controls not being established and operated, which may lead to the Fund not being run in accordance with the Scheme's Regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the Fund at the right time;
  - accurate information about benefits and Scheme administration not being provided to Scheme members and others, which may result in members not being able to effectively plan or make decisions about their retirement.
  - appropriate records not being maintained, which may result in member benefits being calculated incorrectly and/or not being paid to the right person at the right time.
  - anyone involved with the administration or management of the Fund misappropriating any of its assets, or being likely to do so, which may result in assets not being safeguarded; and

- any other breach which may result in the Fund being poorly governed, managed or administered.

18 Reporters need to take care to consider the effects of the breach, including any other breaches occurring because of the initial breach and the effects of those resulting breaches.

## **Reaction to the breach**

19 Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the Regulator will not normally consider this to be materially significant.

20 A breach is likely to be of concern and material significance to the Regulator where a breach has been identified and those involved:

- do not take prompt and effective action to remedy the breach and identify and tackle its cause to minimise risk of recurrence.
- are not pursuing corrective action to a proper conclusion.
- fail to notify affected scheme members where it would have been appropriate to do so.

## **Wider implications of the breach**

21 Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the Regulator. For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future. This may be due to the scheme manager or pension board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected. For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.

## What constitutes a breach?

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a Scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

### Example 1 - Green Breach

An employer is late in paying over employee and employer contributions. It is contacted by officers from the administering authority, it immediately pays the contributions that are overdue, and it improves its procedures so that in future contributions are paid over on time.

In this instance there has been a breach, but members have not been adversely affected and the employer has changed its processes regarding future payments.

The breach is therefore not material to the Regulator and need not be reported.

### Example 2 - Amber Breach

A pension overpayment is discovered, the administering authority has failed to pay the right amount to the right person at the right time. A breach has therefore occurred.

The overpayment is however for a modest amount and the pensioner could not have known that they were being overpaid. The overpayment is therefore waived.

In this case there is no need to report the breach as it is not material.

### Example 3 - Red Breach

An employer is late in submitting its statutory year-end return of pay and contributions in respect of each of its active members and as such it is in breach. Despite repeated reminders it still does not supply its year-end return.

Because the administering authority does not have the year-end data it is unable to supply, by 31 August, annual benefit statements to the employer's members.

In this instance there has been a breach which is relevant to the Regulator, in part because of the employer's failures, and because the administering authority has not been able to fulfil its statutory duties also.

### Most Common

Cause of Breach	Deadline	Green breach	Means of reporting
Payment of contributions	23rd month	1 day late	Monthly report from investments team
i-Connect submission	19th of month	3 days late	Monthly report from IC
MCR form (until June 2021)	19th of month	3 days late	Monthly extract MCR monitoring sheet
Retirement notifications	Individual retirement date	4 weeks late	Admin team
Annual Returns (until April 2021)	30th April	1 day late	Annual Return checklist sheet (one off)
Admission Agreements	Employer start date	1 month	Admin team

(admitted bodies)		after start date	
Administration Breaches	Variable		To be judged by case

## Review process and when a breach needs to be escalated.

The PAS and investment teams will provide details of breaches to the Employer Relations team so that they can be recorded, and RAG rated.

A monthly review will be held with the Employer Relations Team Leader, Pensions Admin Delivery Lead, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) & Finance Service Manager – Transformation, to assess amber breaches, that may need to be escalated.

An example of an amber breach that may need escalating:

*An employer has submitted payment for contributions late each month for 3 months and is not responding to correspondence from the Employer Relations Team Leader.*

- The first email from the Employer Relations Team Leader should inform the employer that they are late submitting information and that this has been recorded as a breach but will not at this point be reported to The Pensions Regulator.
- The employer will be asked to submit the required information by a certain date.
- If no response is received within 2 weeks of to this email the Employer Relations Team Leader, will send a 2<sup>nd</sup> email which will include the following wording:
- ***If there is no response to this email*** Senior management will escalate the issue at Tier 2 level or above within the employing organisation and preferably avoiding escalating to personnel already involved.

## Reporting to Staff & Pensions Committee and Pension Board

A report will be presented to Staff & Pensions Committee and the Pension Board on a quarterly basis setting out:

- A summary of all breaches, including those reported to The Pensions Regulator and those unreported,
- Any actions taken to reduce future breaches

Staff and Pensions Committee and Pension Board are both entitled to have access to detailed information about breaches in relation to individual employers, should they request it (and will be required to maintain confidentiality of information where necessary).

## Reporting process

Type of Breach	Timescale for reporting	Internal actions	Further actions
<p><b>Urgent and Material RED</b></p>	<p>Employer Relations Team Leader informs Pensions Admin Delivery Lead.</p> <p>Prior to reporting to tPR the AD Finance and Section 151 Officer are informed.</p> <p>The breach is reported immediately to the Pensions Regulator.</p>	<p>Employer Relations Team to keep record of breach and investigate options to prevent further occurrence. The Pensions Admin Delivery Lead will also liaise with the Pension Regulator where applicable to come to a satisfactory resolution.</p>	<p>These breaches must also be reported to: Assistant Section 151 Officer, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) Finance Service Manager - Transformation The Chairs of the Staff and Pensions Committee and Local Pension Board, with a full report to be submitted at the next available meeting for members.</p>
<p><b>Non urgent and material RED</b></p>	<p>Employer Relations Team Leader informs the Pensions Admin Delivery Lead</p> <p>Prior to reporting to tPR the AD Finance and Section 151 Officer are informed.</p> <p>The breach is reported within 30 days to the</p>	<p>Employer Relations team to keep record of breach and investigate options to prevent further occurrence</p>	<p>Report non urgent and material breach at next Pension Committee/Pension Board meeting</p>



	Pensions Regulator		
<b>Amber</b>	Employer Relations Team informs Employer Relations Team Leader within 1 week	Employer Relations Team to keep record of breach and Employer Relations Team Leader to investigate options to prevent further occurrence  Employers who on more than 3 occasions in a row have amber breaches will be escalated to the Strategy and Commissioning Manager (Treasury, Pensions, Audit, Insurance, and Risk) & Finance Service Manager – Transformation	Report immaterial breach as part of summary at next Pension Committee/Pension Board meeting.
<b>Green</b>	Employer Relations Team informs Employer Relations Team Leader within 30 days	Employer Relations Team to keep record of breach	Report immaterial breach as part of summary at next Pension Committee/Pension Board meeting.

## Submitting a report to the Regulator

- 27 Before you submit a report, you should obtain clarification of the law around the suspected breach. If:

- you are a member of the Staff and Pensions Committee, Investment Sub-committee, Local Pension Board or you are an external adviser, please contact the Solicitor to the Fund;
- you are an actuary, auditor or other external agent, please contact the Assistant Executive Director - Property, Local Investments, Accountancy and Legal;
- you represent an employer, please contact the Pensions Services Manager
- you are an officer of the Fund and you work in Administration, please contact Head of Corporate Financial Services.

28 The person you contact will consider in the round whether the Regulator would regard the breach as being material. (S)he will also be clarifying any facts, if required. If the case is a difficult one (s)he will seek advice, as required.

29 Some matters could be urgent, if for example a fraud is imminent, whilst others will be less so. Non-urgent but material breaches should be reported to the Regulator within 30 working days of them being confirmed, and in the same time breaches that are not material should be recorded (see later).

30 Some breaches could be so serious that they must always be reported, for example a theft of funds by anyone involved with the administration or management of the Fund. It is difficult to be definitive about what constitutes a breach that must always be reported, but one test is: might it reasonably lead to a criminal prosecution or a serious loss in public confidence?

31 Any report that is made (which must be in writing and made as soon as reasonably practicable) should be dated and include as a minimum:

- full name of the Fund;
- description of the breach or breaches;

- any relevant dates;
- name of the employer or scheme manager (where known);
- name, position and contact details of the reporter; and
- role of the reporter in relation to the Fund.

32 Additional information that would help the Regulator includes:

- the reason the breach is thought to be of material significance to the Regulator;
- the address of the Fund;
- the pension scheme's registry number (if available); and
- whether the concern has been reported before.

33 Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.

34 Reporters should ensure they receive an acknowledgement for any report they send to the Regulator. Only when they receive an acknowledgement can the reporter be confident that the Regulator has received their report.

35 The Regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.

36 The reporter should provide further information or reports of further breaches if this may help the Regulator to exercise its functions. The Regulator may make contact to request further information.

37 Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.

38 In cases of immediate risk to the Fund, for instance, where there is any indication of dishonesty, the Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty, the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

## **Recording breaches that have not been reported to the Regulator**

- 39 Breaches that are found not to be material to the Regulator must still be recorded. This is so that if similar breaches continue, then they become material. Recording all breaches also highlights where improvements are required, to try and prevent similar breaches.
- 40 Breaches that are not being reported should be recorded here: (being a link to an in-house spreadsheet designed to capture all the relevant data).

## **Whistleblowing protection and confidentiality**

- 41 The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The Regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.
- 42 The statutory duty to report does not, however, override 'legal privilege'. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.
- 43 The Regulator will do its best to protect a reporter's identity (if desired) and will not disclose the information except where lawfully required to do so. It will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.
- 44 The Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to the regulator, they may have protection under the ERA if they make an individual report in good faith. The Regulator expects such individual reports to be rare and confined to the most serious cases.

## **Warwickshire County Council whistleblowing policy**

- 45 The Council has its own whistleblowing policy. The person contacted about the potential breach, e.g., the Solicitor to the Fund, will take this into account when assessing the case.

# PENSIONS ADMINISTRATION STRATEGY STATEMENT

# WARWICKSHIRE

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# pension fund



## Introduction

Warwickshire Pension Fund (“the Fund”) is responsible for the administration of the Local Government Pension Scheme (“the Scheme”) within the geographical area of Warwickshire. The Fund also administers the Scheme on behalf of a number of qualifying employers who are not situated within the Warwickshire area. The service is carried out by Warwickshire County Council (“the administering authority”) on behalf of qualifying employers and ultimately Scheme members.

This document is the Pensions Administration Strategy Statement which outlines the policies and performance standards towards providing a cost-effective, inclusive and high-quality pensions administration service.

Delivery of such an administration service is not the responsibility of one person or one organisation, but rather the joint working of a number of different stakeholders, who between them are responsible for delivering the pensions administration service to meet the diverse needs of the membership and the regulatory requirements.

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### 1. Compliance

Developed in consultation with employers within the Fund, this statement seeks to promote good working relationships, improve efficiency and ensure agreed standards of quality in delivery of the pension administration service amongst Scheme employers and the Fund. A copy of this strategy is provided to all employers.

**In no circumstances does this strategy override any provision or requirement of the regulations, nor is it intended to replace the more extensive commentary provided by the employer information on the Warwickshire Pension Fund website and administration guides provided by the Local Government Association (LGA).**

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### 2. Review

The undertakings set out within this Pensions Administration Strategy Statement will be reviewed annually by the Fund. Additionally, the Fund will review this policy statement and make revisions as appropriate, following a material change to the Fund policies in relation to any of the matters contained in the strategy. Employers will be consulted and informed of any changes.

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### 3. Regulatory Framework

Regulation 59-(1) of the LGPS Regulations 2013 enables an LGPS administering authority to prepare a document (“the pension administration strategy”) detailing administrative standards, performance measures, data flows and communication with employers.

In addition, Regulation 70.-(1) of the LGPS Regulations 2013 allows an administering authority to recover costs from an employing authority where costs have been incurred because of that

employing authority's level of performance in carrying out its functions under these Regulations. See section on Poor Performance.

This document has been presented, considered and ratified by the Staff and Pensions Committee on [08/06/2020] and, as such, the contents of which apply to all existing and future employers of Warwickshire Pension Fund from this date.

#### **4. Scheme Employer Duties and Responsibilities**

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The delivery of a high quality, cost effective administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals employed in different organisations to ensure Scheme members and other interested parties receive the appropriate level of service, and that statutory requirements are met.

##### **Monthly/annual data transfer**

The Fund currently relies on data transfer by way of the completion and submission of a monthly spreadsheet, but the intention is to move to a portal system.

##### **Response to queries**

There are times when the Pensions Team may need to contact employers with queries on the data provided, or to request additional information in order to provide Scheme members with details of their pension entitlement. From time to time, employers may also require information from the Pensions Team regarding the Scheme. Timescales for dealing with specific requests are listed in this document and where a timeframe is not provided, either party should be responded to within 10 working days of receipt of the request.

##### **Appointing a main contact**

Each employing authority must designate a named individual to act as the main point of contact regarding any aspect of administering the LGPS, and to be responsible for ensuring the requirements set out in this strategy are met. Employers are required to keep their designated contact information up to date.

##### **Their key responsibilities are:**

- to act as a conduit for communications to appropriate staff within the employer - for example, Human Resources, Payroll teams, Directors of Finance;
- to ensure that standards and levels of service are maintained, and regulatory responsibilities are complied with.
- to ensure that details of all nominated representatives and authorised signatures are correct and to notify the Fund of any changes immediately;
- to arrange distribution of communications literature as and when required;
- to inform the Fund of any alternative service arrangements required;
- to assure data quality and ensure the timely submission of data to the Fund; and
- to assist and liaise with the Fund on promotional activities.

### **Authorised signatories**

Each employer must nominate individuals to act as authorised signatories, whose names and specimen signatures will be held by the Fund, and who must sign all employer documents or instructions. In signing a document, an authorised officer is not merely certifying that the form comes from the employer stated, but also that the information being provided is correct.

Consequently, if an authorised signatory is certifying information that someone else has compiled, for example leaving information including a final salary pay, career average pay, assumed pay they are authorising to confirm that the information is correct.

It is the employer's responsibility to ensure that details of the authorised signatures are up-to-date, and to notify the Fund of any changes.

### **Employer Training**

The Fund holds annual training for employers where officers of the Fund provide information on finances, investment performance, regulatory changes and administration performance.

Attendance by each employer's nominated contacts is actively encouraged. It is ultimately the responsibility of the employer to ensure that any staff with responsibilities related to the pension fund have the appropriate knowledge and skills.

### **Discretions Policy**

Each employer is required by statute to prepare and publish a written statement as to how they wish to exercise the discretionary powers available to them as a Scheme employer under the LGPS regulations. The policy statement must be kept under review and, where revisions are made, the revised policy statement must be sent to the Fund and made readily available to all employees within the employing authority within one month of the effective date. The LGA has produced a list of all the discretions participating employers have in relation to the LGPS. This document can be found on the website: [www.lgpsregs.org](http://www.lgpsregs.org). Each employer must provide a copy of their discretions policy to the pension fund and provide updates when it is changed.

### **Notification of employee's rights**

#### **Internal Disputes Resolution Procedure (IDRP)**

Under Regulation 72 of the LGPS 2013 regulations, any decisions made by an employing authority affecting an employee's rights to membership, or entitlement to benefits must be made



as soon as is reasonably practicable and notified to the employee in writing including a reference to their right of appeal in line with Regulation 73 of the LGPS regulations. Every notification must;

- Specify the rights under stage 1 and stage 2 of the appeals procedure quoting the appropriate regulations;
- Specify the time limits within an appeal, under either stage, which apply and;
- Specify to whom an application for appeal must be made to.
  - For first stage appeals this must be the nominated person of the employer who made the decision. For 2nd stage appeals this will be the appointed person at the administering authority

The Fund has guidance for employers to provide to individuals who raise an issue under the IDR procedure.

### **Nominated person**

Each employing authority is required to nominate and name the person to whom applications under Stage 1 of the IDR should be made. Employers must notify the Fund of any first stage appeals they receive.

Employers should inform the Fund of appointed medical practitioners.

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## **5. Service Standards to Scheme Members**

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Overriding legislation dictates the standards that pension schemes and employers should meet in providing certain pieces of information to various associated parties – not least of which includes the scheme member. The LGPS Regulations also identifies a number of requirements for the Fund and employers, which may not have all been covered in this document. It is important that employers make themselves familiar of the HR and Payroll guides available on [www.lgpsregs.org.uk](http://www.lgpsregs.org.uk)

An online employers guide “Working Together” is available on the Fund’s website [www.warwickshirepensionfund.org.uk](http://www.warwickshirepensionfund.org.uk) which includes template forms and guidance for all Scheme employers.

The levels of performance and procedures which the Fund and employers are expected to achieve to ensure compliance with the overriding legislation are outlined in the below tables:

Each employer will be asked to provide a list of contacts.

## **6. Recovering Costs / Sanctions / Fines**

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Where a serious or persistent and on-going failure to deliver employer responsibilities to the Fund occurs (for example late contributions, late data submissions, or poor data quality), and no improvement is demonstrated by an Employer (and or unwillingness is shown to resolve the issues identified) the Fund may under Regulation 70 (1) of the LGPS Regulations 2013 recover costs from an Employer, where costs have been incurred because of that Employer's level of performance in carrying out its functions under these Regulations.

Any costs charged by the Fund will be recovered from the Employer and not the third-party company appointed by the Employer to provide pensions services e.g. a third-party payroll provider.

### **Circumstances where additional costs may be recovered**

The circumstances where additional costs may be recovered from the Employer include but are not restricted to:

- persistent failure to provide relevant information to the administering authority, Scheme Member, or any other interested party in accordance with specified performance targets (either relating to the timeliness of delivery or the quality of information);
- instances where performance by the Employer results in a loss to the Pension Fund, e.g. any overpayment resulting from inaccurate information supplied by the Employer, costs associated with the assessment of benefits, interest on late payment of benefits, scheme tax charges, etc;
  - failure to deduct and pay over correct Employee and Employer contributions within the standard timescales;
- failure to pay or pay on time any other amounts due to the Pension Fund, e.g., actuarial strain payments;
- instances where the performance of the Employer results in fines being levied against the administering authority by the courts, the Pensions Regulator, the Pensions Ombudsman or any other regulatory body.
- instances where the performance of an Employer results in the Fund having to incur out of the ordinary additional expenditure in order to manage around the performance issue, for example having to employ additional staff to manage with lower quality data.

### **Approach to seeking additional administration costs**

The administering authority may take any of the following steps:

- write to the Employer, setting out the issues;
- meet with the Employer to discuss the issues and how these can be addressed;
- issue a formal written improvement notice, where no improvement is demonstrated by the Employer, setting out the issues that have been identified, the steps taken to resolve the them, and that the additional costs will now be reclaimed;
- clearly set out the calculations of any loss resulting to the Pension Fund or administering authority, or additional costs, considering the time spent and resources used in resolving the issue.
- Issue reminders and final notices in respect of due debts.
- Instigate legal debt recovery action including the recovery of collection costs.

### Penalties for Failure by Employers to Meet their Statutory Obligations

Administration costs shown below will be charged if an Employer has consistently failed to meet its obligations and an **Improvement Notice** has been issued and not complied with

Employer to the Fund (where the case must be returned for incorrect information on more than two occasions)	
*fine from the Pensions Regulator	Amount requested by the Pensions Regulator
*fine from the Pensions Ombudsman	Amount requested by the Pensions Ombudsman
*delay causing unauthorised payments	Cost of tax from HMRC and or reimbursement of charges imposed by HMRC on the Warwickshire Pension Fund.
Fines from other statutory body incurred as a result of employer's actions	As levied

Regulatory Task	Administration Fee / charge
Late payment of Employer and / or scheme member contributions. Plus, any statutory charges	£150 per occurrence plus interest as defined in this strategy.
Late provision of year end contributions returns in prescribed format	£1,000 per occurrence plus £100 for each week plus part week of continued non-provision
Late provision of starter information, per case	£50 initial charge plus £50 per month of continued non-provision
Late provision of leaver information, per case	£50 initial charge plus £50 per month or part month of continued non-provision
Charges for persistent incorrect and incomplete information provided by the employer	£50 per case

\*Fines or charges imposed by the Pensions Ombudsman, Pension Regulator and the HMRC for non-compliance will be recharged in full to the Employer.

The Pension Fund will do everything possible to support Employers to avoid costs but will levy them where necessary.

The Fund will report Employer performance to the Local Pension Board and Pension Fund committees as appropriate, including reporting of the charging of costs and interest to Employers.

## 7. Standards of Data

### Overriding Legislation in performing the role of administering the LGPS

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#### The Fund and employers will comply with the overriding legislation, including:

- the Occupational Pensions Schemes
- (Disclosure of Information) Regulations 2015;
- The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015;
- the Pensions Act 1995, 2004 and 2014;
- any Transitional Regulations currently in place;
- the Discretionary and Compensation Regulations 2006;
- the Data Protection Act 2018;
- the Freedom of Information Act 2000;
- the Disability Discrimination Act 1995;
- the Age Discrimination Act 2006;
- the Finance Act 2004;
- Health and Safety legislation;
- Employment Rights Act 2010;
- HMRC Legislation and Current GAD Guidance;
- Public Service Pensions Act 2013;

and any future amendments to the above legislation.

#### Data Protection Act 2018

The Warwickshire Pension Fund is a Data Controller as part of the Data Protection Act 2018 which incorporates the General Data Protection Regulation (GDPR). This means we store, hold and manage personal data in line with statutory requirements to enable us to provide pension administration services. To enable us to carry out our statutory duty, we are required to share information with certain bodies, but will only do so in limited circumstances. More information about how we hold data and who we share it can be found in the Fund's Privacy Notice on [www.warwickshirepensionfund.org.uk](http://www.warwickshirepensionfund.org.uk)

The Fund has introduced a Memorandum of Understanding (MOU). The aim of the MOU is to set out that participating employers in the Local Government Pension Scheme (LGPS) can share data with the LG administering authority without a data sharing agreement being in place. (There is no legal requirement for employers to have a data sharing agreement with LGPS administering authorities as they are both data controllers.) A copy of the MOU can be found on the employers' area of the website [www.warwickshirepensionfund.org.uk](http://www.warwickshirepensionfund.org.uk).

#### Secure Data Transfer

The Fund will follow Warwickshire County Council data security guidelines when sending any personal data, including its published data sharing policy. This means that members' personal data will only be transferred from one party to the other via an acceptable method specified by the Administering Authority which may include any of the following:

- (a) Secure email
- (b) Paper forms signed by an authorising officer from the employer
- (c) Password protected excel spreadsheet

All these measures start from the date of receipt of all relevant information. The annual performance of the Fund is reported each year in the Annual Report.

### **Audit**

The Fund is subject from time to time to audits of its processes and internal controls. Employers are expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations will be considered and where appropriate implemented with employing authority cooperation.

### **Benchmarking**

The Fund will regularly monitor its costs and service performance by benchmarking with other administering authorities. Details of the costs of administration, quality measures and standards of performance will be published in the Annual Report.

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## **8. Employer Performance Reporting**

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As part of this Pensions Administration Strategy the Fund will develop arrangements for reporting on key performance measures.

This approach to reporting will facilitate engagement with employers and provide a mechanism for service level review and recognition of best practice.

### **Reporting breaches**

The Fund has a procedure to be followed by certain persons in relation to reporting breaches of the law to the Pensions Regulator. The breaches procedure applies, in the main to;

- all members of the Warwickshire Pension Board and Committee;
- all officers involved in the management of the Pension Fund including members of the Treasury Team, Pensions Administration Team, and the Head of Finance, Governance and Assurance (Section 151 Officer);
- any professional advisers including auditors, actuaries, legal advisers and fund managers; and
- officers of employers participating in the Warwickshire County Pension Fund who are responsible for LGPS matters.

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

If a breach occurs the breaches policy must be followed.

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## 9. Associated Policy Statements and Documents

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Participating employers are advised to familiarise themselves with the other policies issued by the Fund.

### **Communications Strategy Statement**

The statement outlines the Fund's policy on:

- information to members, representatives and employers;
- the format, frequency and method of distributing such information;
- the promotion of the Scheme to prospective members and their employing authorities

### **Employer Discretions Policy**

Since 1997, the LGPS regulations have required every employing authority to:

- issue a written policy statement on how it will exercise the various discretions provided by the Scheme;
- keep it under review;
- revise as necessary.

A full list of employer discretions can be found on [www.lgpsregs.org](http://www.lgpsregs.org).

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## 10. Fund Contact Information

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**Write/visit:** Warwickshire Pension Fund, The Post Room, Shire Hall, Warwick, Warwickshire, CV34 4RL

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## 11. Timescales

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There are a number of prescribed timescales for delivering activities for both Employers and the Fund. These are summarised in Appendix 2.

## Appendix 1 – Service Standards

1a - NEW STARTERS	
EMPLOYER'S RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To ensure that pensions information is included as part of any new employment induction process, including in contracts of employment and appointment letters.</p> <p>To ensure that all employees subject to contractual admission are brought into the Scheme from their relevant start date, and provide the Pensions Team with accurate member data, using the monthly data submission within four weeks of the members start date.</p> <p>To provide each new employee with a Brief Scheme Guide and New Member Form with their contract of employment. This may be in the form of issuing a paper copy or by directing all new members to the Fund's website where the information can be viewed or downloaded. The most up to date versions of forms and guides can always be found on the Fund's website <a href="http://www.warwickshirepensionfund.org.uk">www.warwickshirepensionfund.org.uk</a>.</p> <p>To determine the appropriate contribution rate (whether individually or by an automated process on payroll) and (as soon as is reasonably practicable), notify the employee of this contribution rate which is to be deducted from the employee's pensionable pay and the date from which the rate will become payable. It is for the employer to determine the method by which the notification is given to the employee, but the notification must contain a statement giving the address from which further information about the decision may be obtained. The notification must also notify the employee of the right to appeal, including the processes and timescales involved. Furthermore, the correct employee contribution rate according to the scheme the member is in – either the 50/50 or 100/100 scheme should be applied and (if appropriate) adjusted throughout the year according to the employer's discretionary policy on rebanding.</p>	<p>To accurately create member records on the pensions administration system following notification from an employer of a new entrant to the Scheme.</p> <p>To support employer requests to attend inductions.</p> <p>To update pension information in accordance with regulatory changes, and to keep PDF versions of forms and guides up to date on the Fund website. <a href="http://www.warwickshirepensionfund.org.uk">www.warwickshirepensionfund.org.uk</a></p> <p>To accurately record and update member records on the pension administration system within following the receipt of a completed New Member Form.</p>

<p>To send the Fund notification of any eligible employees subject to automatic enrolment, who opt out of the scheme within six weeks of joining.</p> <p>Where there is more than one contract of employment with the same employer, each membership shall be maintained separately, and the Fund notified as above.</p>	
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## 1b - CHANGES IN CIRCUMSTANCES FOR ACTIVE MEMBERS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To ensure that the Fund is informed of any changes in the circumstances of employees through forms and spreadsheets within four weeks of the change.</p> <p>Forms and guidance can be found in the employers' area of the Fund website at: <a href="http://www.warwickshirepensionfund.org.uk">www.warwickshirepensionfund.org.uk</a></p> <p>Changes may include:</p> <p><b>Personal information:</b></p> <ul style="list-style-type: none"> <li>• Change of name</li> <li>• Marital status</li> <li>• National insurance number</li> <li>• Change of address</li> </ul> <p><b>Conditions of employment affecting pension such as:</b></p> <ul style="list-style-type: none"> <li>• Contractual hours (mandatory for members who meet the underpin requirements only)</li> <li>• Any remuneration changes due to promotion and down grading</li> <li>• Full-time equivalent pensionable pay according to the pre 2014 definition</li> <li>• Actual pensionable pay (including overtime/additional hours) in 100/100 and 50/50 schemes according to the post 2014 definition (CARE).</li> <li>• Employees contribution rate</li> <li>• Employee number and/or post number</li> <li>• Date joined scheme (if adjusted)</li> <li>• Confirmation of 50/50 or 100/100 scheme entry</li> </ul>	<p>To provide forms and spreadsheets for recording key changes in circumstances and to provide guidance on the secure submission of data.</p> <p>To accurately record and update member records on the pensions administration systems within four weeks of notification, or any shorter period as requested by the employer with regards to specific requirements.</p>



NB. An Employee can easily exceed HMRC annual allowance if their pay increases. You therefore are asked to inform the Fund of:

- Significant pay awards/pay increases
- Honorariums
- Additional Voluntary Contributions (AVC) contributions
- Shared Cost AVC contributions (if applicable)
- Shared Cost Additional Pension Contributions

For a full list of data items required, see the section FINANCIAL AND DATA OBLIGATIONS, or further information is available from the Fund directly. Employers can also visit the webpage on 'monthly data reports and end of year procedure' on the Fund website

[www.warwickshirepensionfund.org.uk](http://www.warwickshirepensionfund.org.uk)

### **Absence**

During periods of reduced or nil pay as a result of sickness, injury or relevant child related leave (i.e. ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave) assumed pensionable pay (APP) should be applied for pension purposes.

Employer contributions should be deducted from pay and any APP. If the employee receives no pay the employer contributions should still be deducted from APP.

Should an employee wish to purchase Additional Pension Contributions (APC) or a Shared Cost Additional Pension Contributions (SCAPC) contract to buy back the pension 'lost' during the absence, the APP amount will need to be calculated and provided to the member's employer. Employers must bring to the attention of the member, before a period of absence, that they can buy back the 'lost' pension. Employers should also direct members to the website [www.lgpsmember.org](http://www.lgpsmember.org) where they can calculate the cost to buy back this 'lost' pension. As employees have a 30-day timeframe with which to buy back the lost pension, employers should be sure to mention this to the employee early in the 30-day period.

<p>Types of absences include:</p> <ul style="list-style-type: none"> <li>• Maternity, paternity and adoption</li> <li>• Paid &amp; unpaid leave of absence</li> <li>• Industrial action (SCAPC not available)</li> <li>• Any other material/authorised period of absence</li> </ul> <p>See section '<b>ADDITIONAL PENSION CONTRIBUTIONS (APCs) and SHARED COST APC's</b>' for further information.</p>	
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### 1c - ANNUAL RETURN, VALUATION & ANNUAL BENEFIT STATEMENTS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>The information should be accompanied by a final statement (lgs121a); balancing the amounts paid during the year with the total amounts submitted for the year and to include leavers. A compliance statement (lgs121b) must also be submitted and both duly signed by an appropriate officer. Should there be any under/over payment discovered whilst reconciling, accompanying paperwork detailing this must be submitted together with payment or a formal request for a refund. Year-end reconciliation must be completed, and forms sent by 30 April each year.</p> <p>To provide any additional information that may be requested to produce annual benefit statements for service up until the 31 March in each particular year by the 30 April each year.</p> <p>To provide the Fund with up to date and correct information as and when requested in accordance with agreed timescales and the regulations.</p> <p>To ensure that all errors highlighted from the annual contribution and pensionable pay posting exercise are responded to and corrective action taken promptly.</p>	<p>To process employer year end contribution returns within three months of receipt i.e. 30 April, or within three months of receipt of the information if later.</p> <p>To produce annual benefit statements for all active members by 31 August.</p> <p>To highlight annually if an individual has exceeded their annual allowance and issue a pensions saving statement by 5 October.</p> <p>Annual benefit statements will also be produced for deferred members, but no information from employers will be required.</p> <p>To provide data to the Fund Actuary and Government Actuary's Department to enable employer contribution rates to be accurately determined.</p> <p>To provide an electronic copy of the actuarial valuation report and contributions certificate to each employer.</p>

**1d - RETIREMENT AND TRANSFER IN/OUT ESTIMATES**

<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To submit a request using a PEN4 form by post or attaching it to an email. Each form must be signed by an authorising officer.</p> <p>For larger bulk estimates, requests should be made via the spreadsheet template provided by the Pensions Team, and notice should be given in advance when any redundancy exercises are planned.</p> <p>To provide pay and other relevant information requested by the Pensions Team either on an individual basis or within ten working days of the request, or for bulk/group requests by an agreed timescale with the Pensions Team.</p>	<p>To issue the individual quotations/information within ten working days after all information required to process a quotation has been received.</p> <p>To provide information to the scheme member on any potential transfer in of benefits once all information required to process the quotation has been received (transfer estimate from other pension provider, contracting out, salary details etc) within ten working days. However, legally we do have up to two months to provide the transfer information following receipt of all information required to process the quotation.</p> <p>Separate agreed timescales and any additional cost will be put in place for bulk requests.</p>

**1e - DIVORCE AND OUTSOURCINGS ESTIMATES**

<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To provide pay and other relevant information requested by the Pensions Team either on an individual basis within ten working days of the request, or for bulk/group requests by an agreed timescale with the Pensions Team.</p> <p><b>Staff transfers e.g. outsourcings</b> To ensure early notification/liaison with the Pensions Team when considering an outsourcing exercise which affects members/eligible members of the LGPS. See guidance on 'Becoming an employer or existing employer letting a contract' on the Fund's website.</p>	<p>Where a request for divorce information including a CETV is received from the member, or the Court, this will be issued three months from the date of receipt of the signed form request from the member, or receipt of the Court order. When a shorter timescale is requested/imposed the Pensions Team will provide the member with the schedule of charges.</p> <p>To provide guidance to current employers participating in the Fund who are considering outsourcing.</p>

<b>1f - ACTUAL RETIREMENTS</b>	
<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To submit the appropriate PEN4 leavers form to the Fund as soon as the information is available. The PEN4 form must be completed fully, and signed by an authorised signatory, as it confirms the information required to enable the benefits to be calculated and the employer's decision as to the type of benefit that is to be paid to the member. Evidence of the calculation of final pensionable pay may be requested so the Pensions Team can check the accuracy of the pay provided. The PEN4 form will be returned if it appears to be incorrect.</p> <p>Further information can be found in the Employers area of the Fund website via <a href="http://www.warwickshirepensionfund.org.uk">www.warwickshirepensionfund.org.uk</a></p>	<p>To issue the member with a letter and benefits information within five working days of correctly completed employer's notification via the PEN4 leavers form. However, from receipt of all information required to process, the regulations state that we do have up to one month following the date benefits become payable or two months if retirement is early.</p> <p>To issue the member with a letter notifying them of actual retirement benefits within five days following receipt of all documentation from the member</p> <p>To make payment of any lump sum within five working days of receipt of all relevant fully completed forms and certificates from the member, or retirement date if later.</p> <p>To pay any pension payment on the 29<sup>th</sup> of each month following retirement, unless this falls on a weekend or bank holiday when the payment will be made on the last working day before. Payment will also be made earlier in the month of December to take account of the Christmas period.</p>

<b>1g - ILL HEALTH RETIREMENTS</b>	
<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To determine whether an ill health benefit award is to be made, based on medical evidence and the criteria set in the current LGPS regulations, and after obtaining an opinion from a Fund approved Independent Registered Medical Practitioner (IMRP) on the appropriate certificate. If an award is made, to then determine which tier 1, 2 or 3 is to be awarded.</p> <p>Arrange for completion of the PEN4 form and then submit to the Fund with all related paperwork including IMRP certificate and a copy of the notice letter issued to the member</p>	<p>To calculate and pay the required benefits in line with actual retirement timescales.</p> <p>To assist the employer in performing their legislative responsibility to review Tier 3 ill health cases at eighteen months.</p>

<p>confirming the level of ill health benefits awarded and the appeal information under IDPR</p> <p>To keep a record of all Tier 3 ill health retirements, particularly in regards to arranging the eighteen-month review. Arranging if necessary, with an (IMRP) approved by the administration authority for a further medical certificate. To recover any overpayment of pension benefits following a discovery of gainful employment and notify the Fund, where appropriate.</p> <p>To review all Tier 3 ill health retirement cases at eighteen months. Further information on ill health retirements can be found on the employers' pages on our website  <a href="http://www.warwickshirepensionfund.org.uk">www.warwickshirepensionfund.org.uk</a></p>	
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<b>1h - MEMBERS LEAVING EMPLOYMENT BEFORE RETIREMENT</b>	
<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To notify the Fund using a termination form, ensuring all relevant information is included on the form, within four weeks of the members leave date.</p>	<p>To accurately record and update member records on the pension administration system.</p> <p>The regulatory target to inform members the options available to them upon leaving the Scheme within two months following receipt of all the correct information from the employer via the termination form.</p> <p>The Fund's best practice target to calculate notify a member of their deferred benefit entitlement is ten days following receipt of correct information from the employer via the termination form.</p> <p>To process and pay a refund within five days to an eligible member following receipt of all relevant documentation from the member/employer.</p>

**1i - FORMER MEMBERS WITH DEFERRED BENEFITS**

<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To keep adequate records of the following for members who leave the Scheme with deferred benefits, as early payment of benefits may be required:</p> <ul style="list-style-type: none"> <li>• Name &amp; last known address</li> <li>• National Insurance number</li> <li>• Payroll number</li> <li>• Date of birth</li> <li>• Last job information including job description</li> <li>• Salary details</li> <li>• Date and reason for leaving</li> </ul> <p>To determine, following an application from the former employee to have their deferred benefits paid early, as to whether or not they are eligible for early payment on ill health grounds in line with the criteria set in the relevant regulations and after seeking a suitable medical opinion from an (IRMP) approved by the administering authority, or to determine whether benefits should to be released early and in some cases any actuarial reduction waived on compassionate grounds.</p>	<p>To record and update member records on the pensions administration system.</p> <p>To provide former members with an annual benefit statement of their deferred benefits, updated by the annual pensions increase award when applicable.</p> <p>To provide estimates of benefits that may be payable and any resulting employer costs within ten working days of request upon request.</p>

**1j - DEATH IN SERVICE & TERMINAL ILLNESS**

<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To inform the Fund immediately on the death of an employee via the PEN4 leavers form, or when a member is suffering from a potentially terminal illness and to provide details of the next of kin.</p> <p>Further information can be found on the employer pages of our website  <a href="http://www.warwickshirepensionfund.org.uk">www.warwickshirepensionfund.org.uk</a></p>	<p>To provide an initial letter of acknowledgement to the next of kin/informant within 5 working days following a notification of death.</p> <p>To provide a letter notifying dependents of benefits within five days following receipt of identification/certificates and relevant documentation.</p> <p>To assist employer's, employees and their next of kin in ensuring the pension options are made available and that payment of benefits are expedited in an appropriate and caring manner.</p> <p>The Fund's policy regarding payment of benefits in such situations, can be viewed in the Governance Compliance Statement.</p>

## 1k - FINANCIAL AND DATA OBLIGATIONS (INCLUDING MONTHLY CONTRIBUTION RECONCILIATION ((MCR)) SUBMISSIONS)

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To pay the Fund all contributions deducted from payroll (not including AVCs) of its employees and employer contributions and any deficit lump sum payments due on a monthly basis, no later than the 19<sup>th</sup> day of the month following the period of deductions unless alternative arrangements have been agreed in writing with the administrating authority. Further information can be found in the Employer Guide via <a href="http://www.warwickshirepensionfund.org.uk">www.warwickshirepensionfund.org.uk</a></p> <p>To complete a Monthly Contribution Reconciliation submission on IConnect, the online self service portal for use by the Employer to upload MCR data. The Fund is in the early implementation stages of IConnect. Use of IConnect will be mandatory once rolled out).</p> <p>Prior to IConnect installation, each payment must be accompanied by a MCR form providing the following data for each member;</p> <ul style="list-style-type: none"> <li>• National Insurance number</li> <li>• Payroll reference 1</li> <li>• Member address and postcode</li> <li>• Date of leaving</li> <li>• Payroll period end date</li> <li>• Additional contributions 1</li> <li>• Additional contributions 2</li> <li>• Surname</li> <li>• Forenames</li> <li>• Gender</li> <li>• Date of birth</li> <li>• Marital status</li> <li>• Title</li> <li>• Taxable earnings</li> <li>• Annual pensionable salary (only required at month 12)</li> <li>• Pensionable pay</li> <li>• Date joined LGPS</li> <li>• Job title</li> <li>• Part-time hours effective date</li> <li>• Part-time hours</li> <li>• Part-time indicator</li> </ul>	<p>To allocate correctly the contributions received to each employee record and to keep a log of contributions received from each employer.</p> <p>To charge interest for late payment in the following circumstances;</p> <ul style="list-style-type: none"> <li>• Employer contributions (including deficit payment) are overdue if they are received a month later than the due date specified.</li> <li>• All other payments are overdue if they are not received by the due date specified.</li> </ul> <p>Inform each employer of any new contribution bandings tables in place from each April.</p> <p>Inform employers of any rechargeable items as they become due.</p> <p>To keep the Fund's Privacy Notice up to date on the website for all members. To keep a Memorandum of Understanding which explains the relationship between the administering authority and participating employers when sharing personal data.</p>

- Whole-time equivalent hours
- Employee's main section contributions
- Employer's contributions
- Scheme contribution rate
- Opt out date
- Opt in date
- Main section cumulative pensionable pay
- 50/50 section cumulative pensionable pay
- Full-time equivalent final pay
- Cumulative employee's main section contributions
- Cumulative employer's contributions
- Reason for leaving
- Cumulative employer Shared Cost APC's
- Cumulative employee APC's
- Employee's 50/50 section contributions
- Cumulative employees 50/50 section contributions
- Pay period Shared Cost APC's
- Pay period employee APC's

To pay all rechargeable items to the Fund on receipt of the invoice.

The Fund may charge interest of 1% above 'base rate' on a day to day basis on the due date of payment, if payments of the following are not received by the specified date:

- If employee / employer contributions are not received by the 19<sup>th</sup> of the month following deduction from the members pay for cheque payments or 23<sup>rd</sup> of the month for BACS payments.
- If invoices are not paid within the terms of the invoice issued in respect of:
  - Rechargeable pension payments
  - FRS102 charges
  - Actuarial strain charges in respect of early retirement
  - Rechargeable fees e.g. academy conversion fees
  - Deficit payments due

'base rate' means the base rate for the time being quoted by the Bank of England.



<b>11 - ADDITIONAL PENSION CONTRIBUTIONS (APCs) and SHARED COST APC's (SCAPCs)</b>	
<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To communicate to employees regarding the option of SCAPC's to cover periods of 'lost pension' and the timeframe they must elect to purchase a SCAPC. Members must elect within thirty days of returning to work following the absence, but employers have the discretion to extend this period. This should be laid out in the employer's Discretions Policy.</p> <p>To calculate and collect from the employee, payroll contributions and to arrange the prompt payment to the Fund, according to the published schedule and to be no later than the 19<sup>th</sup> of the month following the deduction. More information can be found in the employer area on <a href="http://www.warwickshirepensionfund.org.uk">www.warwickshirepensionfund.org.uk</a></p>	<p>To provide information on APCs to members/employers through <a href="http://www.warwickshirepensionfund.org.uk">www.warwickshirepensionfund.org.uk</a></p>

**Appendix 2 – Listed Timescales**

<b>Employer</b>		<b>Pension Fund</b>	
<b>New Starters</b>			
Where employers subject to contractual admission are brought into the Scheme, accurate member data must be supplied via electronic spreadsheet	Within 4 weeks of the members start date	Create new starter on Altair	Send notification of joining scheme within 40 working days of notification
Where employees are brought into the scheme via auto enrolment, accurate member data must be supplied via electronic spreadsheet.	Within 6 weeks of becoming a member under auto-enrolment	Send new member form and activation key letter to new starters	Send notification of joining scheme within 40 working days of notification
		Record and update member records following receipt of New Member Form/ notification.	Within 2 weeks of receiving the completed form
<b>Changes in circumstances for active members</b>			
Inform the Fund of employee changes of circumstances through the Notification of Changes form.	Within 4 weeks of change	Accurately record and update member records on Altair	Within 4 weeks of notification
<b>Annual return, valuation and annual benefit statement</b>			
Provide accurate year to date information.	Through 12 months annual returns	Process year end contributions returns	Within 3 months of receipt
Provide Final Statement(lgs121a) and (lgs121b)	Signed and submitted by 30 <sup>th</sup> April each year.	Produce ABS for all active members.	By 31 <sup>st</sup> August each year.
		Issue a Pension Savings Statement for members exceeding AA.	By 5 <sup>th</sup> October each year.
<b>Retirement and transfer in/out estimates</b>			
		Issue individual quotations.	10 working days for transfers and 15 working days for retirements, after all information required is received.
		To apply for a Transfer Value	2 weeks after all information required is received.

		Provide information on transfer in benefits	10 working days after all information required is received.
		Payment of transfer values	10 working days after all information required is received.

<b>Divorce and Outsourcing</b>			
		Request for divorce information.	45 working days from receipt of full and final information unless shorter timescales requested by paying a fee.
<b>Actual Retirement</b>			
		Issue letter and benefits information.	15 working days after receiving full and final information.
		Issue letter notifying actual retirement benefits.	15 working days after receiving full and final information.
		To make payment of retirement lump sum.	10 working days after receiving full and final information, or retirement date if later.
		Make monthly Pension Payments.	Last banking day of the month.
<b>Ill health Retirement</b>			
Arrange 18-month review for Tier 3 ill health members.	18 months after retiring on ill health tier 3.	Issue letter and benefits information.	15 working days after receiving full and final information.
		Issue letter notifying actual retirement benefits.	15 working days of receiving full and final information.
		To make payment of retirement lump sum.	10 working days after receiving full and final information, or retirement date if later.
		Make monthly Pension Payments	Last banking day of each month
<b>Members leaving employment before retirement</b>			
Notify Fund via a termination form	4 weeks of the members leave date.	Inform member of their options, and if applicable deferred benefit entitlement.	30 working days after receiving full and final information.
		Process and pay refund.	10 working days after receiving full and final information.
<b>Former members with deferred benefits</b>			
		Provide estimates of benefits payable.	Within 15 working days of request.
<b>Death in Service and terminal illness</b>			
Inform Fund on death of an employee via PEN4 form and provide details of next of kin.	Immediately	Provide an initial letter of acknowledgement to next of kin.	Within 5 working days.
		Provide letter notifying dependents of benefits.	10 working days after receiving certificates and relevant documentation.

<b>Financial and data obligations</b>			
To accurately pay the Fund all contributions and deficit (if applicable) along with accompanying IConnect submission.	By the 19 <sup>th</sup> of each month following the deductions, unless this falls on a weekend or Bank Holiday, when they should be paid by the last working day before the 19 <sup>th</sup> .		
<b>Additional Pension Contributions (APC's) and Shared Cost APC's(SCAPC's)</b>			
Calculate and collect APC /SCAPC contributions and pay them to the FUND.	By the 19 <sup>th</sup> of the month following the deductions, unless this falls on a weekend or Bank Holiday, when they should be paid by the last working day before the 19 <sup>th</sup> .		

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## Staff and Pensions Committee

### Regulatory Update

14 June 2021

#### Recommendation(s)

1. That the Staff and Pensions Committee note and comment on the report.

#### 1. Executive Summary

- 1.1 This report seeks to update the Committee on developments that impact on the Local Government Pension Scheme.
- 1.2 This report also includes a schedule of Pension Fund policies and when they are expected to be reviewed together with a schedule of training available for members of the Committee (Appendix 1).

#### 2. Financial Implications

- 2.1 No direct costs identifiable at present.

#### 3. Environmental Implications

- 3.1 The Government has issued proposals for pension schemes to comply with the improved governance and risk management arrangements relating to climate change risks.

#### 4. Supporting Information

- 4.1 On 11<sup>th</sup> February 2021 the UK Pensions Act received Royal Assent. The Act sets out changes in a wide range of areas many of which are not relevant to the Local Government Pension Scheme. Those that are relevant are detailed below:

**Pensions Dashboards:** The Act introduces a framework to support pension dashboards including new powers to compel schemes to provide information. The impact for the administration service is discussed in more detail in the Administration Update.

**Limiting Transfer Rights;** the Act will allow schemes to block transfer requests where specified conditions are not met. This item is discussed in more detail in the Administration Update.

**Climate Change Governance:** regulations to force schemes to ensure there is effective governance with respect to the effects of climate change. Local Authority pension funds are to make disclosures in line with the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD). Funds are expecting the Ministry for Housing, Communities and Local Government to release a consultation on TCFD for the LGPS in the summer. See 4.3 below.

4.2 **Increase in minimum pension age;** on 11<sup>th</sup> February Her Majesty's Treasury launched a consultation on the implementation of increasing the minimum pension age from 55 to 57 in April 2028. This is the age at which individuals will be able to access their pension benefits without incurring a tax charge and was introduced in 2010 when it was increased from age 50. However, the proposal is that members of the LGPS as of the date of the consultation will retain the right to retire from the age of 55 whereas new members on or after 12<sup>th</sup> February 2021 will be subject to the amendment.

4.3 **Climate change risk and the Task Force on Climate Related Financial Disclosures;** in January the Government published a response to its August 2020 consultation, *taking action on climate risk: improving governance and reporting by occupational pension schemes*, along with draft regulations and non-statutory guidance.

The consultation contained proposals for occupational pension schemes to comply with the recommendations of the TCFD and have effective governance and risk management. The Department for Work and Pensions has launched a consultation on draft regulations and statutory guidance, and it is expected that Regulations on how this will apply to the LGPS will be issued after a consultation by MHCLG expected later in 2021.

4.4 **The Pension Regulator's new code of practice**

4.4.1 The Pension Regulator published a consultation document on a new code of practice that is aimed at all pension schemes (defined and Defined contribution schemes) across both the private and public sector. The code is being introduced to incorporate changes made by the 2018 governance regulations (which did not apply to public service pension schemes) and to encourage increased member engagement, public scrutiny of pension schemes and those who run them, and growing concerns about climate change.

4.4.2 The code comprises of five core sections; The Governing Body, Funding and Investment, Administration, Communications and Disclosure; and Reporting to The Pension Regulator.

4.4.3 A number of existing codes of practice will continue to apply but significantly not Code of Practice 14 which covers public service pension schemes.



4.4.4 The modules are designed to be presented online and will be interlinked. A web-based version of the draft code has been published as part of the consultation. Below is the link:

<https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice>

4.4.5 The consultation closed on 25<sup>th</sup> May 2021. The Scheme Advisory Board will be issuing guidance to local authority pension funds on the implications and impact of the new code of practice.

4.4.6 There are a number of areas applicable to the Local Government Pension Scheme within the five core sections of the new code:

**The Governing Body:**

- Meetings and decisions (new)
- Remuneration policy (best practice)
- Managing adviser and service providers (new)
- Continuity planning (best practice)
- Assurance of governance and internal controls (new)

**Funding and Investment:**

- Investment governance (best practice)
- Investment monitoring (best practice)

**Administration:**

- Administration (new)
- Financial transactions (new)
- Transfers (new)
- Scheme records (new)
- Data monitoring (new)
- Maintenance of IT (new)
- Cyber controls (new)

**Communications and disclosure:**

- General principles for member communications (new)
- Scams (new)

**Reporting to TPR:**

- Registrable information of scheme returns (new)

4.4.7 It is anticipated that the new code will come into effect later this year and officers will ensure that any developments introduced by the Code will be included as part of the business planning cycle.

4.5 **Schedule of policies and training;** the Pension Fund is required to maintain a number of policies to ensure good governance and administration of the Fund. Also, Committee members and members of the Local Pension Board who are responsible for the investment and administration of the Fund are required to maintain their knowledge of skills. Appendix 1 provides a schedule of policies and when they should be reviewed and Appendix 2 planned training events for the coming year. The intention is to bring these updated schedules to each meeting.

## 5. Timescales associated with the decision and next steps

5.1 Officers will keep the Committee updated with developments.

### Appendices

1. Appendix 1 Schedule of policies and training
2. Appendix 2 Schedule of training events

### Background Papers

1. None.

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The report was circulated to the following members prior to publication:

Local Member(s): None

Other members: n/a

Policy	Description	Forum for Approval	Last Review Date	Frequency of Review	Next Review Date	Notes
Administration Strategy	This policy sets out the respective responsibilities of employers and the Fund in the delivery of the administration of the pension fund. This statement seeks to promote good working relationships and ensure agreed standards of quality in the delivery of the pension administration service.	Staff and Pensions Committee	8 June 2020	Annual	September 2021	Policy amended to reflect: <ul style="list-style-type: none"> <li>• Reporting of breaches</li> <li>• i-connect</li> </ul>
Admissions and Termination Policy	This policy sets out the basis upon which employers may join and leave the pension fund, having regard to the Regulations and the discretion afforded under them.	Staff and Pensions Committee	8 June 2020	Annual	September 2021	Policy to be amended to reflect changes to the Funding Strategy Statement regarding exiting the pension fund.
Breaches Policy	This policy sets out the approach taken to reporting breaches of the law	Staff and Pensions Committee	9 December 2019	Annual	June 2021	Minor amendment made
Communications Policy	This policy sets out how the Fund communicates with stakeholders	Staff and Pensions Committee	March 2021	Annual	March 2022	May require updating prior to next review date due to Member Self-Service
Conflicts of Interest Policy	This policy ensures conflicts of interest are managed appropriately in respect of pension fund affairs	Staff and Pensions Committee	12 March 2020	Annual	LPB – September 2021	LPB reviewed September 2020.  PFISC and S&P covered by WCC Conflicts of Interest policy

						Internal review and TPR single code of practice may impact on this
Cyber Security Policy	This is a new requirement expected by The Pension Regulator, required to provide assurance that the Fund is protecting members' records and pension fund assets.	Staff and Pensions Committee	December 2020	Annual Review	December 2021	Ongoing work with WCC ICT and external consultants
ESG, Climate Change and Responsible Investment Policy	The policy sets out the Fund's on Responsible Investment and Environmental, Social, and Governance aims.  A specific climate change policy is a new requirement from the Pension Regulator.	Pension Fund Investment Sub-Committee	March 2021	Annual	March 2022	May be reviewed before and go to an earlier meeting
Funding Strategy Statement	This policy sets out its approach to meeting its liabilities	Pension Fund Investment Sub-Committee	June 2020	Annual	June 2021	Currently with employers for consultation
Governance Statement	This statement sets out how the administration of the Fund is governed, considering best practice principles issued by The Department of Communities and Local Government.	Staff and Pensions Committee		Annual	September 2021	Future requirement depending on MHCLG guidance
Investment Strategy Statement	This strategy sets out how the Fund manages its investments	Pension Fund Investment Sub-Committee	March 2021	Annual	March 2022	

Risk Register	The risk register is a tool used to effectively identify, prioritise, manage and monitor risks associated with the Fund.	Pension Fund Investment Sub-Committee and Staff and Pensions Committee	March 2021	Monitored quarterly	March 2022	The policy is reviewed annually
Voting Policy	This policy sets out the approach to exercising our voting rights in respect of investments where the Fund has voting rights.	Pension Fund Investment Sub-Committee		Annual	December 2021	
Business Plan	The Fund sets out a business plan each year summarising high level business objectives	Staff and Pensions Committee	March 2021	Annual Review	December 2021	Monitored quarterly
Accounting policies	The Fund is required to adopt accounting policies in line with appropriate accounting standards	County Council		Annual		To be picked up in Investment Team update 21 April 2021
Fund Discretions	All scheme employers are required to maintain a policy document on the discretions under the LGPSR. For defunct employers the Fund acts as the scheme employer	Staff and Pensions Committee		Annual	September 2021	
Knowledge and Skills	The Pension Regulator requires that Local Pension Board members (and Committee members) be conversant with the rules of the pension scheme and documents relating to its administration			Annual	December 2021	May need to visit sooner for Committee members re local election

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**Training**

<b>September 2021</b>	<b>December 2021</b>	<b>March 2022</b>	<b>June 2022</b>
Admin best practice / governance / Section 13 (June / July 2021) Actuarial Methods and liabilities (August / September 2021) Procurement and relationship management (September / October 2021)	McCloud and cost transparency (November 2021) Property funds / Liability hedging (December 2021)	Valuation training sessions – purpose, role, outcomes etc (February 2022)	

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## Staff and Pensions Committee

### Pensions Administration Activity and Performance update

14 June 2021

#### Recommendation(s)

1. Staff and Pensions Committee note this report.

#### 1. Executive Summary

- 1.1 This report updates the Committee on the key developments affecting pensions administration and the performance of the Pensions Administration Service (PAS).

#### 2. Financial Implications

- 2.1 All financial implications are dealt with in the body of this report.

#### 3. Environmental Implications

- 3.1 None

#### 4. i-Connect

- 4.1 The first 3 phases of live data transfers have taken place, and we have 73 employers going live in Phase 4. This means that 13,179 out of 16,911 member records are now being updated by i-Connect.
- 4.2 Test data has been received from most employers in phase 4. Those that have not yet submitted data are being contacted to ensure it is received and does not delay the project. We have escalated concern over one employer, who has not been responding to our requests. The employer in question has changed payroll provider from 1<sup>st</sup> April 2021, so a delay has been caused by the timing of this. We still have until the end of June to get all employers onboarded.
- 4.3 In the event that we do not receive the required data to onboard a Phase 4 employer by the end of June, i-Connect will still transition from project to BAU status. We will use our existing policies and processes, within the Pensions Administration strategy to ensure all employers are complying with their roles and responsibilities, including the use of i-Connect. As i-Connect becomes

BAU for the collection of payroll data, any employer using other methods to supply this data can be charged.

Phase	Testing phase commences	Live Date Deadline
<b>Phase 1</b> (Multiple payroll providers already using i-Connect data portal)	9 October 2020	1 December 2020
<b>Phase 2</b> (Warwickshire County Council employers)	12 October 2020	31 January 2021
<b>Phase 3</b> (District and Borough Councils, colleges)	1 March 2021	30 April 2021
<b>Phase 4</b> (remaining employers - Police and Crime Commissioner support staff, North Warks BC, Warwick DC, Warwick Independent Schools, Nuneaton and Bedworth Borough Council)	23 April 2021	18 June 2021

## 5. Pensions Increase

- 5.1 Each year pensions payments are updated by the Pensions Increase. This year the increase is 0.5%. The work required by the Payroll and Pensions teams has now been completed and all pensioners have received their Increases.

## 6. Key Performance indicators (KPIs)

- 6.1 Appendix 1 shows the KPIs for the period 1<sup>st</sup> May 2020 to 31<sup>st</sup> March 2021.
- 6.2 KPIs where a payment is to be made are treated as highest priority.
- 6.3 From the chart it shows there are 11 out of 14 targets being consistently achieved. Of the remaining indicators where performance is below target, the following explanations and actions are highlighted:
- KPI 1 - Letter detailing transfer in quote –we currently have two members of staff working on these cases, there is one other member of staff who has been tasked to work on Fire pension scheme administration to clear a backlog. As this backlog has reduced, this member of staff will now assist with this workload and support the two officers working on these cases.
  - KPI 9 - Letter to dependants – there is still a number of these cases not meeting the target and this is being monitored by the Benefits team leader.  
There have been changes to the workflow process and we are looking to ensure the system is being set to accurately record the number of working days we are taking to process these cases in order to improve efficiency.
  - KPI 14 - Deferred benefits – team members who deal with these cases have been working on a backlog of work created by the first i-Connect

submissions. This backlog is reducing, and the number of deferred benefits being processed has increased over the last month.

## **7. Workloads**

- 7.1 The PAS has been monitoring the tasks outstanding and completed by the service since 1 April 2020. The chart at appendix 2 shows the volume of outstanding work across the service and indicates that the service had 3,144 tasks outstanding as at the 31st March 2021. Since March, 57,424 tasks have been completed.
- 7.2 On an average weekly basis, we create between 800-1000 tasks and we are starting to see the team complete slightly more than the volume coming in on certain weeks (Appendix 3). It is encouraging to see that the chart continues to show that the team increases output to meet the level of demand. The chart in Appendix 3 shows the big increase in work we received following the i-Connect submissions for WCC payrolls in February and how the incoming work has started to level off.

## **8. Breaches**

- 8.1 In accordance with the Breaches Policy, any Amber breach results in direct contact with the employer to resolve the issue, and further escalation if required.
- 8.2 A separate report has been produced for this committee to agree a change to the reporting and escalation procedure.

## **9. Tracing service**

- 9.1 Of the 2,724 records where we had no address for the scheme member, we have been able to trace 2,443 members (90%), leaving just 281 where no trace has been made. We will be sending approx. 50 cases for a gold trace, as these are members who should have benefits in payment.

## **10. McCloud project**

- 10.1 The McCloud project has now begun and meetings with Aon, who we have appointed as Project Manager, have commenced.
- 10.2 Workstreams to manage data collection involving members of the PAS and payroll teams has begun. Employers have been split into 3 phases and requests for data have started to be sent out from 1<sup>st</sup> April.
- 10.3 Communication workstreams have also begun work, and initial communications have been sent out to all employers, giving information about

McCloud and employer responsibilities for supplying data. An employer engagement event was held on 29<sup>th</sup> April. Further communication is waiting on a response from the Government to its recent consultation exercise. It is proposed that information will be included with the Annual Benefit Statements for Active and Deferred members. Pensioners have received an update via the Ragged Staff newsletter that has been sent out in May.

- 10.4 Information has been received from the Pensions administration software supplier for the changes that need to be made and the expected timescales. This is helping us to plan work and resources. It is envisaged that work to analyse the impact on members and recalculation of benefits will begin from January 2022.
- 10.5 The response from the Government for the Local Government Pension Scheme is now expected later this year and this will help to determine the timescales involved for the implementation of changes to the regulations.
- 10.6 It is suggested that the regulations will be implemented on 1<sup>st</sup> April 2023.

## **11. Exit Payment Update**

- 11.1 The Restriction of Public Sector Exit Payments Regulations 2020 (“the regulations”) which imposed a cap of £95,000 on the payments for specified public sector exits, were revoked on 12<sup>th</sup> February 2021.
- 11.2 As the cap no longer applies, if an LGPS member exits on or after 12 February 2021 due to redundancy or business efficiency at age 55 or over:
  - The member is entitled to and must take an unreduced pension.
  - If requested, employers must pay to the administering authority the strain cost associated with the early payment of that pension.
  - Employers must not make a cash alternative payment as set out in regulation 8 of the Exit Cap Regulations.
- 11.3 It should also be noted that the revocation of the Regulations was stated to be retrospective. Therefore, all LGPS member exits are essentially treated as if the Regulations never existed.
- 11.4 On 9<sup>th</sup> April 2021, the Ministry of Housing, Communities & Local Government (MHCLG) sent a notification for feedback on a new information requirement for exit payments data for the financial years 2014-15 up to 2020-21. It is anticipated that this data will be used to inform any new proposals regarding exit payments.

## **12. Annual Benefit Statements**

- 12.1 The Annual Benefit statement project for 2021 has commenced. Statements for those that have benefits held in the scheme but are not currently contributing (deferred members) are scheduled to go out by June. Statements for active members will be sent out in August and must be received by 31<sup>st</sup>.
- 12.2 This year, with the introduction of i-Connect we are expecting to receive fewer queries on pay and contributions, significantly reducing the normal influx of work generated by these queries.

### **13. Pensions Schemes Bill/Pensions Schemes Act 2021**

- 13.1 On 11 February the UK Pensions Scheme Act received Royal Assent. The Act sets out changes not all of which will be relevant to the LGPS. The following sections are expected to be relevant to the LGPS (either directly or indirectly).
- 13.2 Pensions dashboards: The Money and Pensions Service (MaPS) is to deliver a non-commercial dashboard. The Act provides a framework to support pensions dashboards, including new powers to compel schemes to provide information. We will be required to feed in information and regulations will specify the detail of what, when and how information must be provided.
- 13.3 Limiting transfer rights: The Act will allow Funds to restrict transfer requests where conditions, including in relation to the member's new employment or to where they live, are not met. This is intended to help prevent pensions scams. Exercising due diligence when a transfer request is received can be difficult, with funds currently having little power to refuse a transfer.
- 13.4 In the last report to the board, we reported the increase in requests the PAS have been receiving from claim management companies, for members who decided to transfer benefits out of the fund. The LGA technical group are gathering information from Funds, regarding how they are dealing these cases so that a common approach can be agreed.
- 13.5 It has also been suggested that a framework (or panel) of IFA's should be provided by Funds, that members could be referred to for pension transfer advice. The PAS are unable to provide advice to member's regarding transfers and members are therefore left to find their own financial advice. This can lead to incorrect advice being given to members from advisors who are not truly independent.

### **14. Timescales associated with the decision and next steps**

None

## **Appendices**

- 1 – KPIs
- 2 – Total outstanding tasks
- 3 – Total tasks created and completed

## Background Papers

[Mandatory HM Treasury Directions - GOV.UK \(www.gov.uk\)](http://www.gov.uk)  
<https://www.legislation.gov.uk/ukpga/2021/1/contents/enacted>

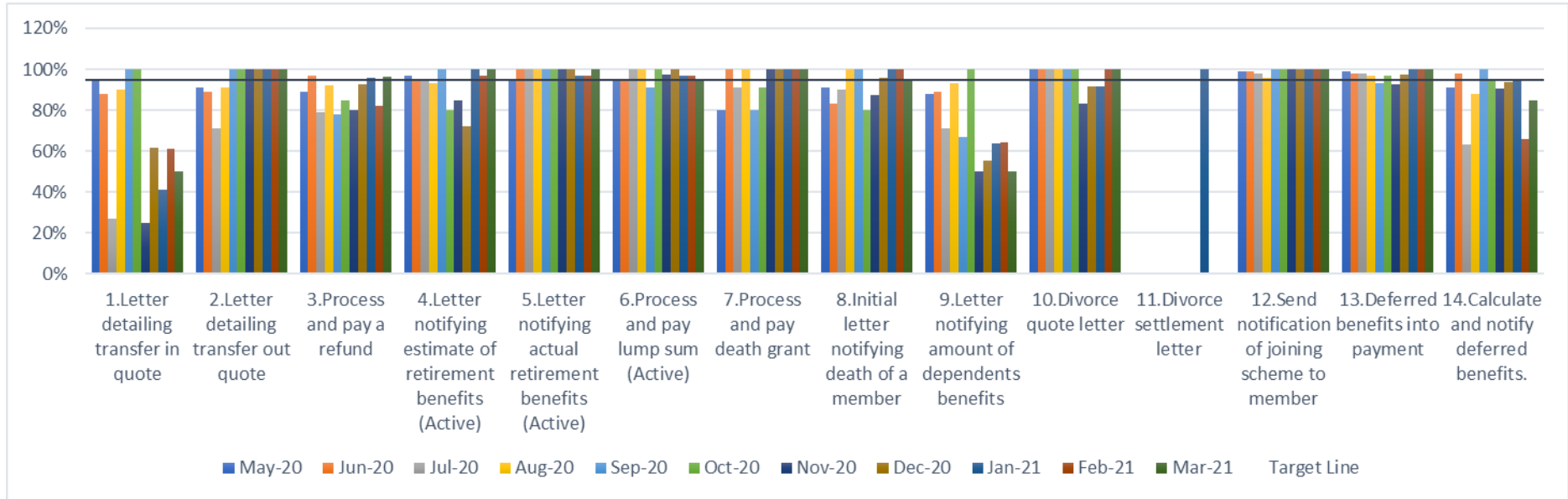
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The report was circulated to the following members prior to publication:

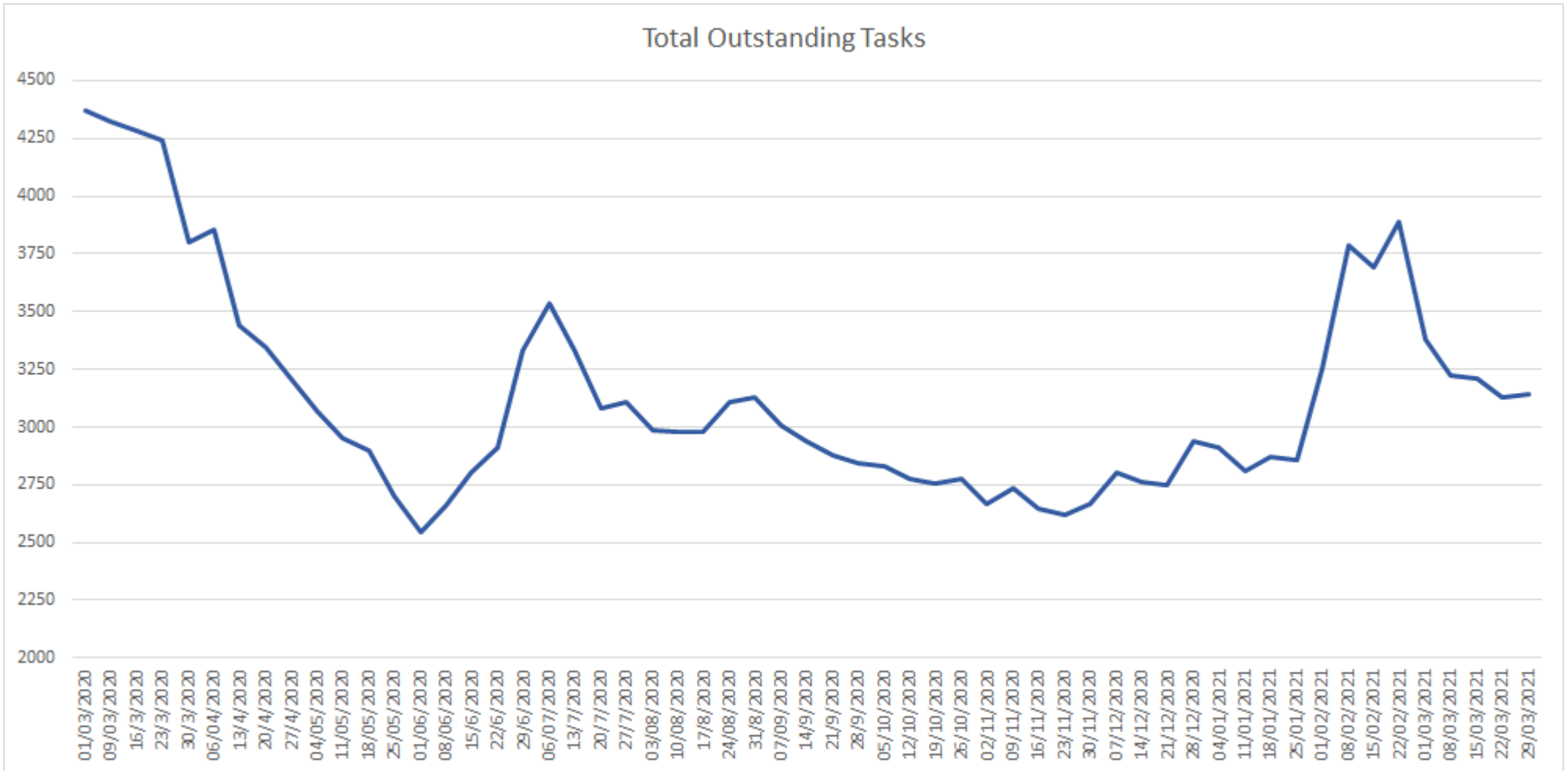
Local Member(s): None

Other members: Councillors Jenns & Gifford

Appendix 1

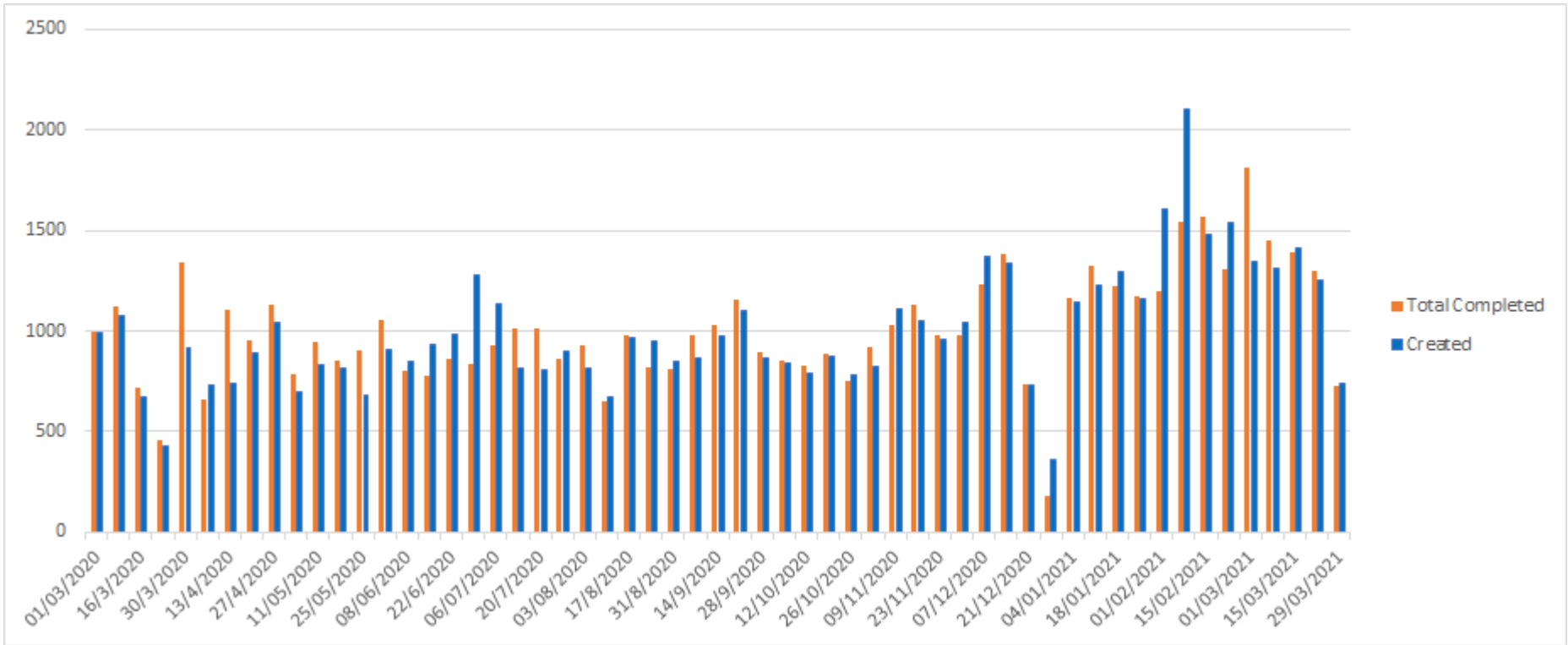


Appendix 2





Appendix 3



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## Staff and Pensions Committee

### Employers joining and leaving Warwickshire Pension Fund

14 June 2021

#### Recommendation(s)

1. That the committee note employers who have left the fund as they have no active members left in the scheme.
  - Vinshires Plumbing and Heating (ceased 1<sup>st</sup> December 2020)
  - Westfield Community Development Association (ceased 30<sup>th</sup> April 2020)
  - Nuneaton Mencap Joint Hostel (People in Action) (31<sup>st</sup> October 2020)

#### 1. Executive Summary

- 1.1 For employers who have left the scheme a cessation cost has been requested from Hymans the Fund's actuary. This will be shared with the employer and payment requested for any pension debit due, in accordance with the fund's funding strategy statement.

#### 2. Financial Implications

- 2.1 Employers are required to cover their pension liability costs and the actuarial process will ensure that the correct costs are calculated on exit.

#### 3. Environmental Implications

- 3.1 None

#### 4. Supporting Information

- 4.1 Warwickshire Pension Fund, Admissions and Terminations Policy 2020
- 4.2 Funds strategy statement

#### 5. Timescales associated with the decision and next steps

- 5.1 none

## Background Papers

1. Warwickshire Pension Fund, Admissions and Terminations Policy 2020
2. Funding strategy statement

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The report was circulated to the following members prior to publication:

Local Member(s): None

Other members: Cllrs Jenns & Gifford